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REPORT

OF THE

SALT COMMITTEE,

APPOINTED UNDER THE ORDERS OF THE
GOVERNMENT OF INDIA.

*(Resolution in the Department of Finance and Commerce,
N. 4844 S. R., dated the 11th August 1903.)*



No-66436

CALCUTTA:
OFFICE OF THE SUPERINTENDENT OF GOVERNMENT PRINTING, INDIA.
1904.

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INTRODUCTORY.

The Salt Committee, consisting of the officers named in the margin, was appointed under the Resolution of the Government of India in the Finance and Commerce Department, No. 4844 S.R., dated the 11th August 1903, to enquire into and report upon the following questions :—

- I. The desirability of amalgamating the Bombay and Northern India Salt Revenue Departments.
 - II. The expediency or otherwise of amalgamating the Bengal and Northern India Salt Revenue Departments.
 - III. The system of agencies for the sale of Government salt in the Bombay Presidency.
 - IV. The supply of salt in Bombay and the Deccan.
 - V. The advisability of permitting the export of unexercised salt from Bombay to the Native States of Cochin and Travancore.
 - VI. A proposal of the Madras Government to make the retail sale of salt by weight compulsory in that Presidency.
 - VII. The question whether the production of light large-grained salt is prejudicial to the interests of the consumer or of the revenue, and whether any modification or restriction is called for.
 - VIII. A proposal of the Chief Commissioner of Assam that legislation should be undertaken to provide for the introduction into that province of an inland bonded warehouse system; also, an application from the Oriental Salt Company, Limited, for permission to transport salt in bond by rail from their factories in Madras to Bengal under a system similar to the inland bonded warehouse system; and a proposal of the Bengal Government to reduce the amount of wastage allowance given under their system.
2. The Committee assembled at Simla on the 2nd November 1903, and presented its Report on the 21st March 1904. Its tour, which lasted 91 days, extended to the Punjab, Sind, Rajputana, the Bombay and Madras Presidencies, the Native States of Mysore and Cochin, and to Bengal. Details of the localities visited are furnished in Appendix I.
3. In the different Chapters of the Report we have dealt with the subjects referred to us in the order in which they are set forth above, but the desirability of amalgamating the Salt Department in Sind (which is separate from the Salt Department in Bombay) with the Department in Northern India has been discussed separately from the general question as regards Bombay.
4. We sign the Report subject, in certain instances, to the minutes of dissent recorded.

H. BRADLEY, President.
 R. M. DANE,
 J. L. JENKINS, Members.
 H. WHEELER,

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| <p>Mr. H. Bradley, I.C.S., Member of the Board of Revenue, Madras President.</p> <p>Mr. R. M. Dane, I.C.S., C.I.E., Commissioner, Northern India Salt Revenue Member.</p> <p>Mr. J. L. Jenkins, I.C.S., Commissioner of Customs, Salt, Opium and Abkari, Bombay</p> <p>Mr. H. Wheeler, I.C.S., Secretary, Board of Revenue, Lower Provinces and Secretary.</p> | <ol style="list-style-type: none"> I. The desirability of amalgamating the Bombay and Northern India Salt Revenue Departments. II. The expediency or otherwise of amalgamating the Bengal and Northern India Salt Revenue Departments. III. The system of agencies for the sale of Government salt in the Bombay Presidency. IV. The supply of salt in Bombay and the Deccan. V. The advisability of permitting the export of unexcised salt from Bombay Native States of Cochin and Travancore. VI. A proposal of the Madras Government to make the retail sale of salt by weight compulsory in that Presidency. VII. The question whether the production of light large-grained salt is prejudicial to the interests of the consumer or of the revenue, and whether any modification or restriction is called for. VIII. A proposal of the Chief Commissioner of Assam that legislation should be undertaken to provide for the introduction into that province of an inland bonded warehouse system; also, an application from the Oriental Salt Company, Limited, for permission to transport salt in bond by rail from their factories in Madras to Bengal under a system similar to the inland bonded warehouse system; and a proposal of the Bengal Government to reduce the amount of wastage allowance given under their system. <p>2. The Committee assembled at Simla on the 2nd November 1903, and presented its Report on the 21st March 1904. Its tour, which lasted 91 days, extended to the Punjab, Sind, Rajputana, the Bombay and Madras Presidencies, the Native States of Mysore and Cochin, and to Bengal. Details of the localities visited are furnished in Appendix I.</p> <p>3. In the different Chapters of the Report we have dealt with the subjects referred to us in the order in which they are set forth above, but the desirability of amalgamating the Salt Department in Sind (which is separate from the Salt Department in Bombay) with the Department in Northern India has been discussed separately from the general question as regards Bombay.</p> <p>4. We sign the Report subject, in certain instances, to the minutes of dissent recorded.</p> |
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REPORT

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SALT COMMITTEE,

1904.

CHAPTER I.

THE PROPOSED AMALGAMATION OF THE BOMBAY AND NORTHERN INDIA SALT REVENUE DEPARTMENTS.

1. Before proceeding to discuss the proposed amalgamation of the Northern India and Bombay Salt Departments, a brief description of each Department may be useful.

2. The Department of Northern India Salt Revenue is administered, under the direct supervision of the Government of India, by a Commissioner (pay, R2,500 with head-quarters at Agra and Simla), with the assistance of a Deputy Commissioner (pay, R1,000—50—1,200).

<i>Permanent.</i>	
Assistant Commissioners	7
Superintendents	29
Assistant Superintendents (excluding probationers)	7
Inspectors	90
Clerks and treasurers	123
Petty officers	182
Peons, weighmen, daftaries, and khalsas	1,468
Medical officers	2
Hospital assistants	3
Hospital servants	7
Total	1,923
<i>Temporary.</i>	
Petty officers	25
Peons and chankidars	164
Menials	38
Total	227
GRAND TOTAL (PERMANENT AND TEMPORARY)	2,150

Its permanent strength, all told, is 1,923, as shown in the margin, and for the year 1902-03 the expenditure amounted to R40,30,052, of which R29,74,445 was on account of treaty payments, against receipts of R1,93,78,967, of which R1,81,58,559 was under the head of duty on salt. Its operations extend throughout the North-West Frontier Province, the Punjab, the United Provinces of Agra and Oudh, and the Patna and Bhagalpur divisions of Bengal, and officers are occasionally deputed to ascertain by inspection the extent to which the Native States of Central India and Rajputana comply with their treaty obligations in the matter of salt.

The Department is concerned with the suppression of salt smuggling, of the illicit manufacture of salt, and of the removal of salt from natural deposits within the area of British territory thus specified. It also controls the manufacture and refinement of saltpetre,* together with the reduction of salt during the process and the production of sulphate and carbonate of soda. The following are the salt works under the Department: the Mayo Mines and the other minor sources in the Salt Range, in the Punjab; the Kohat and Mandi quarries the Sambhar lake, Pachbadra and Didwana (held under

* No. of factories working in 1902-03:—

Crude saltpetre works	38,859
Refineries	399
Sulphate of soda works	5,156
Carbonate of soda works	913

Mandi quarries the Sambhar lake, Pachbadra and Didwana (held under

lease in Native States); and the Salt
districts of the Punjab. The quantity of salt pro-

87,97,58
(exclusive of 39,360 ma
Native States free of salt
is sold through

dis-
was
maunds

NAME OF WORK.	QUANTITIES	
	Produced.	Sold.
Goa	...	...
Saltanpur works	93,930	...
Internal Branch (salt- petre salt)	52,640	...

The salt of the Nor

the part

the main source of supply, altho

sumed: in the Central Provinces and
to Baragara and to Bombay and Madras sea salt: while in the Patna division of
Bengal it competes to some extent with

3. The of the Government

Constitution of the Bombay Salt Department.

Commissioner of Customs, Salt, Opium

* i.e., Customs outside the island of Bombay.

(pay, R1,800 or R2,325, according to his grade)

NAME OF WORK.	QUANTITIES
Ass.	10
Net.	...
of Salt Revenue	1
Sarkarkans	31
Ins.	...
Clerks	140
Medical staff	...
Port	13
Salt	...

6,176

quantities of salt produced and sold dur

partment is d with the pro

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Baragara sa

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it com
ia salt.

sea salt is consumed in the Central Prov-
inces, Central India, Madras, the Nizam's
ore, and Calcutta. In Madras, the
territory, and Mysore, it competes v

Territory, Mysore,
Central India,
salt; in

Administration. Thus the Com-
missioner of Customs and Opium Depart-
ment is at all

ports except Bombay
in Sind and of the
Kati

supervision extends
of port funds,† the
light houses,†

of the
The

\$ near
subordinate

to him are further responsible for the prevention of offences against the excise
and opium laws within the areas under their supervision.

4. The close connection of the work of the Bombay Salt Department with
the sea is the most important factor in
the case. The greater part of the salt
manufactured at the excise works leaves

them by water, and it is on the side of the sea and the numerous creeks inter-
secting the coast line, that the main danger from smuggling lies. It is the fact
that Goa and Daman have seaboard, and that both salt and liquor are manu-
factured in them, which renders necessary the expensive preventive lines around
their land frontiers, and the coast line of the Kathiawar States is similarly the
justification of the southern portion of the Northern Frontier line and of the
interdiction of the carriage of salt by sea north of Bombay. The figures in the

	Length, miles.	FORCE MAINTAINED.		
		Officers.	Men.	Cost.
Northern Frontier	213	17	1,153	1,96,730
Daman	17	3	269	45,869
Goa	182	15	837	1,91,950

prevention of transportation of illicit salt; they also supervise the deposits of
natural salt within the limits of the different ports, that is to say, the whole
length of the coast line of the Presidency south of Sind. Of the salt pre-

* Bassein.
Trombay.
Uran.
Karanja.

† Bhander.
Makli (Matunga).
Candor

the Department supervise traffic on the land
frontiers. The coast line, with
patrolled

of the
let is in their hands, and they

to the Collector and his sub-

of Salt Revenue, w

management need not need be combine
functions as a salt or
customs officer.

5. The proposal that the Northern India and Bombay Salt Departments
be combined will be an

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Government of India

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Effect of connection
Bombay.

and Customs

authority can

independent of the rate at which it is removed. In this case the retardation of the annual output can have no ultimate effect, and granting the existence of unlimited areas for extension, as is the case in the Runn, the only need would be the timely provision of the possibility of exhaustion, and a decision whether the cost of further development should be left to be met from the price of salt in future, or anticipated by a smaller immediate increase in price calculated to establish a reserve fund. In any case, the independent operations of the Northern India Department need not prejudice the adoption of the most expedient course. Questions of this nature, should they arise, are of such importance as to require consideration by the Government of India, to which both Departments are subordinate, and which is in a position to take a comprehensive view of the facts.

It is represented further that the consumers are vitally interested in the working of the different sources in relation to one another, since under independent management it may occasionally happen that a local failure creates a temporary scarcity of salt. The instances quoted are the failure of manufacture at Sambhar in 1892-93, and the diminished production of the Bombay sea salt works owing to unfavourable climatic conditions in 1903; but such occurrences could not be prevented by the amalgamation of the two Departments.

(ii) Another argument adduced is that although competition between different Departments for the supply of salt to particular areas is in some respects beneficial, there is a danger that the financial interests of Government may not be sufficiently considered in the struggle.

The contention is an extension of that put forward in 1889 regarding the evils of divided management, to which it was answered that such a result would only be likely to ensue if different administrations attempted to interfere within the same area, which was not the case. In exemplification of the argument in its present shape various instances are quoted:—

	R
Rent of the Sambhar lake	5,50,000
Rent of the Pachbadra, Didwana, and Falodi sources, and the Luni tract	2,76,000
Royalty of 40 per cent. of the sale price payable upon all salt produced at Sambhar in excess of 17½ lakhs of maunds (average of ten years ending 1902-03)	1,99,773
TOTAL	11,25,773

* Letter of the Government of India, to the address of the Commissioner of Northern India Salt Revenue, No. 5441, dated the 22nd November 1890.

in the Punjab and at Kharaghoda.

Bombay Government letter No. 1849, dated the 8th July 1890, to the address of the Government of India.

it is argued that considerable sums have been lost which might have been recovered if the interests of the salt revenue had been regarded as a whole, instead of from a provincial standpoint only.

We would observe, in the first instance, that although the suggestion that the treaty payments should be equitably distributed over several sources was contained in the papers, the actual proposal referred to the Government of Bombay in 1890 was as to "the expediency of lowering the price of Sambhar salt, if simultaneously the sale price of salt at the Punjab mines and at Kharaghoda can be raised, so that, on the whole, there may be no reduction in the revenue." Secondly, it was the Government of India which finally decided to recover only five lakhs of the treaty payments as well as not to press upon the Bombay Government the enhancement of the price of Baragara salt. It does not come within the terms of our present reference to discuss these decisions, but we cannot admit that the existence of separate control over the two Departments influenced them in any way. Under any scheme of amalgamation the Local Government would presumably be consulted before any action was taken

which would have the effect of raising the sale price of salt. If so, the position would be as in 1890, that the Government of India, having the facts of the case before them, would decide what they thought best.

(b) The loss to the public revenues from the maintenance of agencies for the sale of salt in Gujarat is also quoted as an example of the harm done by indiscriminate competition.

But as Northern India salt has never been sold in Gujarat, the element of departmental competition does not exist. Here again, the matter would have been for the ultimate decision of the Government of India, and it cannot be said that it has not been frequently considered by them. In the case of the agencies of the Bombay Government outside the Presidency, in regard to which there is perhaps more colour for the allegation of competitive bias, the Government of India did intervene and directed them to be closed.

(c) Lastly, it is argued that, under the stress of competition, the Bombay Salt Department has been selling Baragara salt at a rate lower than is justifiable under the orders of the Government of India of 1882.

This is a matter which we have separately discussed (Chapter IV, paragraph 7). The idea that the efficiency of an administration should be gauged by the amount of salt issued, irrespective of other considerations, should be easily kept in check by the Government of India under the principles laid down by whom the sale price of salt is fixed, and within whose power it lies, either under separate or amalgamated Departments, to enforce compliance with their instructions.

(iii) Thirdly, it is argued in favour of amalgamation that it would permit of the creation of one strong Department, the larger cadre of which and the offer of more numerous prizes in recognition of good work would enable the recruitment of a better class of officer.

While not admitting that the existing type of officer employed is unsuitable, we would welcome anything in the direction of improvement. Since no proposals are contemplated for a general enhancement of pay, the proportion of prizes to the strength of the cadre would remain the same, and we are sceptical of any material change resulting in the class of men attracted to an amalgamated service. The advantage to be gained would seem mainly to lie in the larger field of selection for some appointments existing in both Departments, as now constituted, which demand special qualifications. There would, however, always remain such difficulty in the way of selection as would be caused by the great divergence of conditions between the different parts of one Department, which would inevitably have the practical result of splitting it into two. The men who understood the customs and languages of Bombay would gradually drift mainly into service there; those who were acquainted with the local circumstances of Upper India would tend to remain there. On the whole, while we admit that the argument offers some advantages, we do not lay much stress upon it.

(iv) Carrying a similar argument to the case of the superior staff, it is represented that men of experience would be more readily available for the control of one amalgamated Department. The form of organisation contemplated is that of one Director, assisted by two Deputy Commissioners, on Rs. 1,500, in charge respectively of the Northern India and Bombay divisions, under which it is argued that a certain number of members of the Civil Service could be trained as Assistant and Deputy Commissioners, thus ensuring that a well qualified officer would always be available for appointment to the post of Director. It is urged that at present an officer newly appointed as Commissioner in Northern India usually knows nothing previously about salt, and if of senior standing, it is possible that he may never be able to acquire the intimate knowledge of the technical details of the Department which is desirable. The same is alleged to be the case in regard to the appointment of the Collector of Salt Revenue in Bombay, while as regards the Commissionership of Salt, Customs, Opium and Abkari, it may happen, if the appointment is made by seniority, that the officer chosen has no previous knowledge of salt questions.

Whether the two Departments were amalgamated or not, it is possible to post members of the Civil Service as Assistant Collectors of Salt Revenue in Bombay, and the objection that the smallness of the cadre in Northern India would render this difficult, should give way if such a course is thought otherwise

It is
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10. At present the final direction and su-
 vests in the
 The administration of a combined Department.
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 to suggest that the
 Northern India and B
 ments is not
 of opinion b

Department of
Education

of another Deputy,
Northern Indi-
the Dea

11. We consider that the difficulties surrounding the exercise of the Director's supervision would be so great, difficulties of distance.

12. We have not dwelt at length on the difficulties likely to arise from the variety of languages spoken within the jurisdiction of the combined Department, as in the case of the directing head they would not seem likely to be practically felt. Hindi and English would probably enable him to conduct all the enquiries which would be within the compass of his visits. Neither do we attach great weight to the allegation that economy would result from the change. As regards the controlling officers of the Department, any saving would clearly be insignificant, and there would only remain such economy as might lie in the adoption of less expensive methods of working which the experience of the Director might suggest. Unless either Department as now constituted is more grossly inefficient than we have reason to suspect, the room

for changes, other than may be introduced under the existing system of management, would not seem great.

13. The last argument which has been put to us is that the constitution of

The strengthening of the control of the Government of India in salt matters.

one Department, the head of which would be in direct communication with the Government of India, would facilitate the supervision by the supreme authority of salt administration throughout India, while the knowledge which the officer in charge of such a Department would acquire would be of much assistance to the Government of India in rendering the lessons of experience in one province available in others.

It seems to us that the proposal differs materially from that which has been referred for our consideration. The suggestion practically is that in order to enforce control over the varying conditions of salt affairs in India, it is desirable that the Imperial Government should have the assistance and advice of an officer in direct personal touch with the subordinate departmental organisations. The functions of such an officer would be essentially advisory only, and logically should extend to Madras (the salt questions arising in which are at least as intimately connected with those of Bombay as are those of the latter Presidency with Northern India), and to the rest of India. In fact, we would strongly urge that any officer appointed as an expert adviser with the Government of India should be placed in a position to acquaint himself with the local conditions of all parts of the country regarding which he may be called upon to advise. It is only in this way that an officer occupying the position could do justice to himself and to the provincial interests in the disposal of which he would speak with authority. There is a wide difference, however, between such an appointment and the amalgamation of the Bombay and Northern India Salt Departments under one head.



MINUTE OF DISSENT BY MR. R. M. DANE.

1. I agree that the amalgamation of the Northern India Salt Department with the Bombay Salt and Continental Customs Department as at present constituted is impracticable.

I agree also that under the existing conditions of 'Customs' administration the balance of advantage is in favour of the maintenance of a combined Salt and Continental Customs Department in Bombay. The necessity which has recently arisen for the levy of Customs duties on the Kathiawar Frontier Line constitutes a strong additional argument for the retention of the existing arrangements.

The combined establishments under the control of the Collector of Salt Revenue, Bombay, are employed to a great extent upon Customs work. Of the 27 'Talukas' or sub-divisions, which with the Pritchard Salt Works in Gujarat, and the Goa, Daman, and Kathiawar Frontier Lines constitute the Department, only 10 can be said to be primarily concerned with Salt, and even in these ten, Customs duties are regularly collected, although the amounts except in one instance are insignificant. Mr. Carey, who was Collector of Salt Revenue in Bombay for five years before he was appointed to be Commissioner of Salt Revenue in Northern India, appears to have thought in 1889 that the amalgamation of the Bombay and Northern India Salt Departments would be possible without withdrawing his Customs work from the Bombay Collector, but I agree with my colleagues that it would be impossible to effect a satisfactory working arrangement if the Collector were placed under two masters, one 'Provincial' and the other 'Imperial.'

2. Changes in the Customs administration are, however, impending, and the necessity for the levy of Customs duties on the Kathiawar Frontier may not be permanent. The administration of the Customs revenue at the minor or continental ports must necessarily have a close relation to the administration of such revenue at the port of Bombay; and if an Imperial Customs Department be formed and a Customs expert be placed in charge of the administration at Bombay, it may be considered advisable to place specially trained members of the Customs service in charge of the more important Customs ranges of the combined Salt and Continental Customs Department. Such officers would naturally be subordinate to the head of the Customs Department in Bombay and not to the Collector of Salt Revenue. It appears to be an article of belief in Bombay that there is some inseparable connection between Salt and Customs, but I have not been able to satisfy myself that the present arrangement, though it is undoubtedly convenient under existing conditions, is in any way indispensable to the efficiency of the administration of the Salt Revenue. If the Customs administration is specialised and improved, it seems to me quite possible that it may be considered advisable to modify the arrangements under which the Collector of Salt Revenue controls the administration of Customs in Bombay outside the Presidency town. If this contingency should arise, and the control of Customs, the minor ports, and the Coast Guard service should at any time be withdrawn from the Collector, I am of opinion that the Bombay Salt Department could be amalgamated with the Salt Department in Northern India, and that there would be sufficient advantages in such amalgamation to far more than outweigh any possible disadvantages. There is an increasing tendency to specialise the different branches of the administration in India, and Salt, like Customs, is a subject which eminently lends itself to specialisation.

3. The Bombay salt works are the most important in India. In the north the salt from the Pritchard Salt Works in Gujarat competes with salt from the Punjab and Rajputana. In the south the sea salt made at the excise works in the vicinity of Bombay competes with Madras salt in the Madras Presidency, the Central Provinces and the States of Hyderabad and Mysore; and so far as can at present be foreseen the area occupied by Bombay salt to the exclusion of Madras salt is not unlikely to be extended.

Questions arising in connection with supply of salt better dealt with by amalgamated and specialised Department.

as going concerns that they may, to some extent at any rate, take the place of Sambhar when one of these failures occurs.

The statement published as Appendix VII to the Annual Administration Report for 1902-03 shows that in the 21 years from 1882 we have sold maunds 10,06,08,544 of salt from the Rajputana sources at a net profit of 6 pies a maund. From Pachbadra we have sold maunds 1,44,80,904 at an average loss of 1 anna 6 pies per maund, and from Didwana we have sold maunds 75,13,458 at an average loss of 1 anna 2 pies per maund, but the profit from Sambhar has more than covered the above deficits. This favourable result has, however, been secured by charging against the sale price of salt from the three sources since 1890-91 a fixed sum of 5 lakhs a year instead of the 11½ lakhs in round numbers payable under the treaties, *viz.*, Rs. 20,000 fixed payments for Sambhar, Pachbadra and Didwana and something under Rs. 2,00,000 a year for royalty on the sales of Sambhar salt in excess of 17½ lakhs of maunds. If the whole of the treaty payments be charged against the sale price of Rajputana salt, the result, as will be seen from the statements* attached, is a net loss on the working of the three sources during the last 20 years of Rs. 67,98,747.

7. If the price of Sambhar salt had been regularly fixed in accordance with the orders contained in the Resolution of the 17th January 1882 as modified

by the orders of the 22nd November 1890, as was done from the 1st January 1891 to the 6th July 1893, the loss would have been much greater. But the impossibility of meeting the demand for Sambhar salt at a price so fixed necessitated an enhancement of the price from 2 annas 9 pies (exclusive of the Through Traffic charge) to 4 annas, and this enhancement has had the effect of diminishing the loss. If the ten years from 1893-94 to 1902-1903 only be taken, the loss is reduced to Rs. 22,887. Even this, however, is a large amount, and there seems to be no reason why any loss should have been, or should in future be, incurred.

8. The financial result of all the salt treaties and agreements in Rajputana and Central India is profitable to Government, as in some instances we derive a

large revenue from the consumption of salt in non-producing States. It may also be argued that the treaty payments, which made possible a great administrative reform like the equalisation of the salt duties and the abolition of the Customs Line ought to be accepted as a charge against administration. From this point of view the present arrangement, under which Government recovers from consumers 5 lakhs of the payments made for the lease of the salt sources and writes off the remainder, may be regarded as not unsatisfactory.

The prices of salt at the sources under Government management in Upper India and at Kharaghoda are, however, so low compared with the prices of imported salt at Calcutta and compare so favourably with the existing prices of sea salt made and sold by private agency, that the Government may, in my opinion, fairly recover from consumers the whole of the payments made for the Rajputana sources plus all other manufacturing charges. The lease of the Rajputana sources rendered possible the existing state of affairs under which Bombay salt has unrestricted access to the markets in Upper India, and in the circumstances it is reasonable that Kharaghoda in so far as it contributes towards the supply of salt for Upper India should bear its share of the burden of the payments. The recovery can easily be made by a small addition to the issue price of salt at each of the competing sources, *viz.*, the Punjab cis-Indus Mines, Rajputana sources and Kharaghoda. An addition of 7 pies a maund in each case would be sufficient to make good the loss now annually incurred on account of the payments and would leave a small margin for unforeseen charges, and an addition of this amount would not be felt by the consumer. The loss which has been accepted on account of these payments during the past 12 years need not, it appears, have been incurred, and would not, in my opinion, have been incurred if the two Departments had been under one head and under the direct control of the Government of India. It is, in my opinion, unnecessary and unwise for Government to lay itself open to attack by maintaining a salt duty which is undoubtedly high compared with the price of the article, while it is actually issuing salt below cost price.

* Pages 21 and 22.

9. The attempts made by the Bombay Government to push the sale of Kharaghoda salt in Upper India by agencies,

Examples of undue Departmental zeal, resulting from divided salt management.

which entailed an unnecessary expense upon the Government, afford another example of undue departmental zeal. It appears to have been assumed that an increase in the sales of Kharaghoda salt conferred some benefit upon the Government and upon consumers, an assumption which, in view of the possible exhaustion of the existing works and of the quality of the salt as shown by chemical analysis, does not appear to have had any sufficient foundation. As recently as the 25th July 1903 the Collector of Salt Revenue, Bombay, when proposing to establish agencies for the sale of Kharaghoda salt in districts of the Presidency which consume sea salt only, wrote:—"It will also benefit the Government by increasing the sales of its valuable product. I may add that this benefit will probably be permanent, for once the public learn the qualities of Baragara salt they are unlikely to do without it in the future."

The Sukkur depôt in Sind, which appears to have been established and worked at a loss mainly with the object of keeping out of the province Punjab salt brought there under a system of free trade, is also a striking instance of the evils of divided management.

In the Chapter* of our Report dealing with the agencies, we have, I think, shown that the existing price of Baragara salt is insufficient to cover the cost to Government of its production and storage. A detailed account has yet to be prepared, but the deficiency, so far as can at present be calculated, appears to be not less than 3 pies a maund on salt sold for consumption beyond, and 5 pies a maund on salt sold for consumption within, the Presidency. Taking the sales within the Presidency at maunds 4,00,000, and the sales outside it at maunds 16,00,000, the annual loss of revenue on this account therefore apparently exceeds Rs. 40,000. The exhaustion of the works, even if other works equally productive can be established elsewhere, will entail a further heavy capital expenditure, and in the circumstances it appears undesirable to push the sale of the salt by selling it below cost price.

I do not wish to suggest that this undue departmental zeal is confined to Bombay. The officers of the Northern India Salt Department are just as keen to push the sale of their salt in competition with Baragara, as the Bombay officers are to push the sale of Baragara. A certain amount of competition is beneficial, but the competition is less likely to ignore the financial interests of Government if it be carried on between Divisions of one Department instead of between two rival Departments.

10. As regards the practical possibility of amalgamating the Departments,

Practical possibility of amalgamation.

* The average annual outturn of these works in the three years ending with the 31st March 1903 was—

	Mds.
Shiroda	1,04,835
Sanikatta	1,71,752

the rapid development in recent years of railways and telegraph lines has facilitated centralisation. The Bombay salt works with the exception of the unimportant factories* at Shiroda and Sanikatta in the Ratnagiri and North Canara districts are conveniently and centrally situated. The Pritchard Salt Works in Gujarat are connected by rail with the Rajputana works and are at no great distance from them, the preventive establishments of the two Departments meeting on the south of the delta of the Luni river, as it enters the Runn of Cutch. The works are similar in character to the Rajputana works especially Didwana, and a Salt Officer acquainted with Rajputana would have no difficulty in managing the Pritchard Works, or *vice versa*. The one Government sea salt factory at Dharasna is in the Surat district, 2 miles from a station on the main Bombay, Baroda and Central India line, and one unimportant excise sea-salt work is at Umbargaon in the Thanah district, about 60 miles from Bombay. All the other excise works (except Shiroda and Sanikatta already referred to) are in the immediate vicinity of Bombay on the shores of the creek which extends from Bombay to Bassein and separates Bombay, Trombay, and Salsette from the main land, and in the immediately adjacent Panwel and Karanja creeks. The Bombay salt works, with the exception of Shiroda and Sanikatta, are in fact nearer in point of time to Agra than many of the Punjab and Kohat mines; and the whole of the Rajputana and Bombay salt works could easily be visited and thoroughly inspected by the head of an amalgamated

* Chapter IV.

Department in a 3 months' tour. The head of such a Department would of course spend much of his time in Bombay.

11. The greater part of the sea-salt made at the Bombay excise works is certainly removed from them by boat, but with the exception of the salt which is taken by sea to Calcutta, the Bombay districts of Colaba, Ratnagiri, and North Canara, the Madras districts of South Canara and Malabar,* and the Native States of Travancore and Cochin, all salt, not intended for the local market, is taken either

Bombay Salt and Customs arrangements and possibility of their being modified in the event of amalgamation.

* From Malabar Bombay salt goes to the Madras districts of Salem and Coimbatore.

up or down the creeks to the Bombay, Baroda and Central India and Great Indian Peninsula Railways, by which it is carried to the inland districts of the Presidency, the Central Provinces, Hyderabad, Mysore, and the Madras Ceded Districts. By far the greater part of the produce of the excise works is therefore removed from their vicinity by rail, and the area over which the Salt Department has to exercise jurisdiction in order to regulate the production of the licit salt is comparatively small.

At present the import of goods on payment of Customs duty is permitted at 20 places or ports in the creek from Bassein to Uran opposite Bombay and in the Panvel and Karanja creeks, and at 3 places in the Umbargaoon Taluka. It is of these ports so called that the Preventive officers stationed at the salt works are Customs Officers, and even if the control of the Customs administration and of the Coast Guard service were withdrawn from the Collector of Salt Revenue, there appears to be no reason why the Salt Preventive officers should not retain powers under the Customs Act in virtue of which they could control the movements of vessels in the vicinity of the salt works. It appears doubtful also whether in the interests of the Customs revenue it is necessary to permit the import of dutiable goods and collect Customs duty at so many places in the immediate vicinity of Bombay, while as regards Continental Customs generally it is note-worthy that the cost of establishments in the 17 Talukas, which have no salt works within their limits, has apparently exceeded the revenue collected during each of the past two years by more than half a lakh of rupees.

The examination on import into the open ports south of Bombay of licit consignments of salt could, in my opinion, safely be entrusted to the Customs establishments at those ports, and the imports into British India of Portuguese salt from Goa and Daman and the landing of sea salt on any portion of the coast of the Presidency north of Bombay could similarly be prevented by the Customs establishments and the Coast Guard service. There appears to be no reason to suppose that officers in these services would not interest themselves to keep out illicit salt, if they were not under the direct orders of a Salt officer, and I believe I am right in saying that the smuggling of sea salt from the Kathiawar Coast has not at any time since the conclusion of the agreements in 1884 with the Kathiawar maritime States assumed any importance. Such establishments as it might be necessary to entertain to prevent the illicit manufacture or the removal of salt from natural deposits along the coast would be controlled by the Salt Department, and these establishments, wherever they existed, would of course assist the Customs officers and the Coast Guard service to keep out Portuguese and Kathiawar salt. The danger of salt being smuggled from Muscat or the Red Sea is, in my opinion, small.

I do not suggest that the efficiency of the purely preventive arrangements in Bombay would be increased by these changes, but there would certainly not, in my opinion, be any such loss of efficiency as to compare with the advantages that would be secured by amalgamation.

12. With a well managed Department and a good supply of cheap licit salt in the market, the prevention of smuggling and illicit manufacture of inferior salt offers comparatively little difficulty. When a man can buy 1½ to 2 lbs. of

Prevention of smuggling and illicit manufacture offers little difficulty if there is a good supply of cheap licit salt in market.

good licit salt for 1 anna, he has no great inducement to purchase an inferior article which may be cheaper by a few pies. The Government of Madras in 1889 made a great point of the necessity for retaining the control of the Local Government over the Salt Department so as to prevent undue stringency in the execution of preventive operations. One of the results, likely to

follow from the creation of a strong specialised Salt Department, would the officers in charge of it would be well aware of the undesirability of harassing people by prosecutions for petty offences, and would direct energies more to the important questions of the production and distribution of salt than to elaborate preventive operations. The idea that the high consumption of salt in Southern India is due to the efficiency of the arrangements is, in my opinion, sufficiently disproved by the fact of consumption in the Native States of Travancore and Cochin at a rate in any part of British India except perhaps Malabar and the coast districts in Madras.

13. The argument that amalgamation would permit of the formation of a better and stronger Salt Department is admitted by me to have force. The cadre of the India Salt Department, which comprises 44 appointments all told in executive grades, is so small that difficulty may hereafter be experienced in finding officers who will be thoroughly qualified to fill the more important departments, such as the Deputy Commissionership and the charge of the Salt and Punjab Mines Divisions. The officers, who now hold these posts, came into the days of the Customs Line when the number of officers in the service in executive grades considerably exceeded 100, and a wide field of selection was available. The existing sanctioned rate of recruitment is 1 and 2 in each alternate year. A sufficient number of candidates is at present available, but with a larger Department offering more prizes I think that a better stamp of candidates would come forward, and the field of selection for the more important appointments in the two Presidencies would be widened. I do not agree that the great divergence of conditions existing between the different parts of the amalgamated Department would inevitably have the effect of splitting it into two. There is much less difference in conditions between the Rajputana and the Bombay salt works than there is between the Rajputana works and the Punjab mines. English is at present the official language for nearly all branches of work in the Northern India Salt Department, and the same rule is, I understand, likely to be introduced before long in Bombay. Hindustani also is a *lingua franca*, and a knowledge of it will enable an officer to transact business with all officials, with the great majority of the traders, and with many of the salt makers in the Bombay Presidency. Many of the petty officers and men employed on the Northern Frontier and Daman preventive lines are up-country natives. In the case of an officer employed in the south of the Presidency a knowledge of Marathi would certainly be desirable, but an officer born and brought up in the country, as most Salt Officers are, soon picks up a sufficient colloquial knowledge of a local dialect to enable him to get through his daily work.

14. My colleagues have taken the view that the control of the head of an amalgamated Department would be more distant and necessarily more general than that now exercised by the Commissioner of Salt, Customs, Opium and Abkari over the Bombay Salt Department, and that the proposal that one

Control of the head of amalgamated Salt Department would be as close as that exercised by Commissioner, Customs and Salt, Bombay, and there would be no weakening of the departmental organisation in Northern India.

Commissioner should administer the amalgamated Department with the assistance of Deputies involves a weakening of the departmental organisation in Northern India. I am unable to agree with either of these opinions. My experience as Commissioner of Excise in the Punjab for 20 months, as Commissioner of Northern India Salt Revenue for 5 years, and as Deputy Secretary dealing with Salt and Excise questions in the Finance Department of the Government of India, enables me to confidently assert that the Commissioner of an amalgamated Department (who would, it is important to remember, often be a Bombay officer), would be able to exercise as close a control over the operations of both divisions of the Department, as is now exercised over the Bombay Salt Department by the Commissioner of Salt, Customs, Opium and Abkari in Bombay. His control would in fact probably be closer, as the Excise and Customs work with which the Bombay Commissioner has to deal must be at least as heavy as the work of the Northern India Salt Department, while the greater knowledge of the subject and the wider experience which the head of the amalgamated

it would possess, would render his control much more effective and Of course if the officer appointed were badly chosen, there would be a tanger of inefficiency than there is at present, as the charge would be so important than either of those now existing, but it does not appear assume that the appointment would not be given to a properly er. It would be a prize, as it would offer many amenities, and est men in India would be glad to have it.

is possible, without incurring heavy unnecessary expense, there ages in having a special Salt Department for Salt work. An s to deal with Excise and Customs as well as with Salt is much less quire a thorough knowledge of the technical details connected with a of the questions arising in connection with its production and on, than an officer who has dealt with such matters throughout his ame principle applies in the case of the head of the Department. articular is a subject which gives much trouble, and when Excise re in competition for an officer's time there is a risk of Salt being to the background.

dition to controlling generally all the operations of the Department, or Commissioner of Northern India Salt Revenue has at present sufficient sure to permit of his entering closely into details. *Inter alia*, with the assistance of the Deputy Commissioner, he personally disposes of all cases of appointment, promotion, reduction, retirement, dismissal or removal of officers in superior service: all applications for permission to compete for admission to the superior executive grades of the Department: all cases of any importance in which members of the establishment have been concerned in assaults or affrays or have been charged with any crime: all cases connected with the manufacture and excavation of salt; and all cases of errors in the weighment and issue of salt from the works. He sanctions all contracts for work to be done for, and goods to be supplied to, the Department, and all estimates for original works and repairs to buildings, roads, etc., and he passes all completion reports. He also sanctions the purchase of all new camp equipment, and of all new uniforms, arms, accoutrements, weighing machines and weights. He conducts all correspondence with Political Officers regarding the deputations of officers to Native States. He passes orders on all seizure and reward statements, and personally sanctions all special rewards and all ordinary rewards in excess of half the maximum admissible under the Rules. He sees the diaries of all Assistant Commissioners, and frequently also the diaries of Superintendents and Assistant Superintendents, and every order issued by the Deputy Commissioner or the Personal Assistant is brought to his notice in a daily précis of letters received and issued from the Central Office. All correspondence between Assistant Commissioners and officers of other Departments is also brought to his notice in the same way by the submission of a monthly précis from each Divisional Office.

The head of an amalgamated Department would be obliged to delegate some portion of this office work to the Deputy Commissioner in charge of the Northern Division, but he would have no difficulty in maintaining a direct and close personal control over all the operations of the Department in both Divisions.

15. The argument, that with an amalgamated Department it would be possible to train officers of the Indian Civil Service as Assistant Commissioners and Deputy Commissioners and to secure in this way a thoroughly qualified officer

Amalgamation would permit of the training of civilians in subordinate appointments to qualify themselves for charge of the Department.

for the important appointment of Salt Commissioner, seems to me to have more weight than has been allowed to it by my colleagues. In Bombay it may be possible at present to appoint a member of the Indian Civil Service to be an Assistant Collector so as to train him for the appointment of Collector. I understand, however, that no appointment of this kind has yet been made, and that a proposal to the effect that in making appointments to the post of Collector of Salt Revenue preference should be given to officers who had qualified by service as Assistant Collectors was rejected by the Local Government. In Northern India the Department is so small, and the higher appointments (other than that of the Commissioner) have been filled so regularly by promotions within the Department, that the appointment of a member of the Indian Civil Service as Assistant Commissioner could not be made without hardship unless

a special appointment were created for the purpose, while the appointment of such an officer as Deputy Commissioner would be out of the question.

Except in the comparatively few districts where there are saliferous areas and preventive work may be prominent, Salt is not a subject that enters in any way into the daily work of the Indian Civilian, and the duties to be performed by an officer appointed to the administration of the salt revenue differ widely from those upon which he has previously been engaged. While he is learning the work he must be largely in the hands of his subordinates, and if he be a senior officer there is a great danger that he may never acquire a sufficient knowledge of the practical details of the business to render his administration properly efficient. The successful management of a salt source presupposes the existence of considerable technical knowledge. The Bombay Salt and Customs Department is at present efficiently administered, but under existing conditions there appears to be no guarantee that this will always be the case. The Collectorship of Salt Revenue is, as I understand, on the graded list of Collectors' appointments, and appointments to it are usually made more by seniority than by selection. It may not infrequently happen also that the Commissioner of Salt and Customs may have had no previous experience of Salt work. The greater specialisation of Salt appointments both in Northern India and in Bombay is very desirable in the interest of the Government and in the interest of the people of a great part of India.

16. The direct economy that would result from amalgamation would, it must be admitted, be inconsiderable. It seems probable, however, that by the

Economy resulting from amalgamation. application of the principles which have been followed in recent years with success in Northern India a considerable saving in establishments might in time be effected. Considerable economies also might be expected to result from the greater acceleration of business, from the elimination of the factor of undue departmental competition, and from the greater efficiency of the administration.

17. It is admitted that under the present system the experience gained in one Department is seldom fully utilised in the other. The salt preventive Line which has been maintained in Gujarat to prevent the smuggling of salt from Kathiawar, and the system of management of the excise salt works near Bombay appear to be noteworthy instances of this.

In Northern India it is found possible to prevent the smuggling of salt to any serious extent from the Native States of Rajputana by much less drastic and costly methods than those considered necessary in Bombay, although some of the States, notably Jaipur and Bharatpur, before the abolition of the Customs Line in 1879, and the negotiation of the existing treaties, produced large quantities of salt. The Gujarat Line, except for a comparatively short distance, is a nominal barrier and can be passed by men at night without difficulty; and the great majority of the seizures made by the establishments posted on the Line are made by searches upon information of houses, persons, carts and baggage animals in the vicinity of the Line. The Kathiawar salt-producing States have bound themselves by agreements to limit the production of salt to the quantity required for the consumption of the province, to make no Baragara salt, i.e., salt made upon the Kharaghoda method, to open no new works and to permit no existing work to be enlarged without the consent of the Government of Bombay, and to prohibit and prevent the export of salt from Kathiawar to British territory by sea. The Kathiawar salt works also are at all times open to the inspection of the Political Officers of the Kathiawar Agency. The Native States in Northern India are on the whole loyally fulfilling the salt agreements into which they entered; and with agreements in existence with the Kathiawar chiefs of the nature above indicated a costly preventive Line merely to keep Kathiawar salt out of Gujarat ought not to have been necessary. As Baragara (Kharaghoda) salt is in general consumption throughout Gujarat, there ought not to be any difficulty in recognising smuggled Kathiawar salt if any of it is brought into British territory, and this must much facilitate the work of prevention. The success with which Kohat salt has been kept out of cis-Indus territory since the abolition of the Indus Line, though the difference in duty up to the 17th March 1903 was nearly 1 rupee a maund, is a case in point. The cost of the Gujarat Line is about Rs. 2,00,000 a year. The northern portion along the Runn of Cutch causes practically no

inconvenience or has crosses the Gujarat on the Kathiawar the salt revenue should disappear, the the salt revenue could not the past has involved a heavy in 18. As regards the salt work

Management of Bombay sea-salt w system of appointment of offi

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In Upper India all of to the superior executive are Natives, but the s European in character, and all account kept and all Bombay the separate class. They are use not inv Their pay ranges from (say) 470 to a ment of Native Assistant to the Coll which they can aspire. All the ac also of the wo vernacular. The sarkarkun is of course under the su n of th ant Collector in charge of the mace, but supervision of the parties must und would, I think, be s of these works were regularly graded in the superior ex

The system to the also differ. Departments. In Northern ment, wi ed, rise only in matters for the A subordinate. In Bombay the Insp with the ten in Northern India up of and educational q Bombay has its of ly to p exertion throughout the ent. A subor feel assured that promotion is ent. It may be devised

Appointment of an ex; erment of India in Salt matters. Com

able to exercise a close sup over the product of salt and the ad above advanced tions to such an appointment are (1) the existing conditions of finding any officer w experience, and (3) the danger that an officer would in time get out of touch with and his advice would in consequence be possible for one Depart and effa tration of the salt revenue in Bombay and No and advice of the head of that Depart the Government of India in deal of India. In fav Against it there has been described by Mr. Jenki of one. It a of mers, who importance than the considerations which ar

Statements regarding Rajasthan Treaty po (To accompany par Chapter I.)

of dissent

SOURCE.	SALT.				R
	Opening Balance.	Production.	Sales.	Closing Balance.	
	Mds.	Mds.	Mds.	Mds.	
Sambhar	45,45,290				2,684
Pachbadra	5,06,566				584
Didwana	4,44,137			9,617	9
	54,95,983	9,57,23,022	845	53,57,355	

YEAR.	SALT.							
	Opening Balance.	Production.	Sales.	Closing Balance.	Realizations.	Expenditure.	Profit.	Loss.
	Mds.	Mds.	Mds.	Mds.	R	R	R	R
1883-84	45,45,290	67,00,000	5,81,360	...	12,08,226	...	1,40,019	...
1884-85	...	5,00,000	141	...	9,41,142	...	...	68,716
1885-86	...	11,00,000	403	...	4,69,668	...	...	4,20,756
1886-87	...	...	516	...	11,05,731	...	2,55,090	...
1887-88	...	...	930	...	9,24,096	...	...	78,805
1888-89	...	...	6049	...	9,74,576	...	...	53,625
1889-90	...	18,00,000	805	...	9,89,894	...	24,188	...
1890-91	...	58,00,000	236	...	10,08,913	...	...	37,481
1891-92	...	34,00,000	912	...	8,17,679	...	2,13,706	...
1892-93	...	1,00,000	51,09,601	...	9,02,293	...	50,349	...
1893-94	...	...	...	...	0,72,241	...	13,461	...
1894-95	...	...	...	...	...	...	1,75,817	...
1895-96	...	...	...	...	...	...	...	89,479
1896-97	...	...	...	...	...	...	2,77,600	...
1897-98	...	...	...	...	...	...	1,24,969	...
1898-99	...	...	...	...	...	...	...	...
1899-00	...	...	...	...	...	...	...	61,039
1900-01	...	...	...	...	...	...	...	...
1901-02	...	...	...	...	...	...	...	1,32,627
1902-03	...	...	...	...	...	...	20,669	...
TOTAL	45,45,290	7,53,05,813	7,46,37,758	51,56,987	1,89,28,654	1,90,51,239	10,26,400	11,49,034
							Net.	1,22,684

* Includes Rs 50,000 Treaty payments plus Royalty.

YEAR.	Pachbadra.							
	Mds.	Mds.	Mds.	Mds.	R	R†	R	R
1883-84	5,06,566	5,53,581	4,97,473	...	1,04,439	2,07,167	...	1,02,728
1884-85	...	1,50,112	4,31,400	...	41,772	1,79,744	...	1,37,972
1885-86	...	...	4,97,473	...	46,334	2,06,268	...	1,59,934
1886-87	...	10,06,105	7,15,942	...	...	...	...	1,59,827
1887-88	...	6,81,018	6,53,453	...	...	...	...	1,65,895
1888-89	...	6,62,891	6,14,901	...	...	...	...	...
1889-90	...	72,849	4,49,166	...	...	...	...	...
1890-91	...	...	5,69,120	...	...	...	...	1,31,690
1891-92	...	...	4,79,263	...	...	...	...	...
1892-93	...	...	12,01,268	...	...	...	...	...
1893-94	...	...	8,39,118	...	...	...	...	...
1894-95	...	...	5,97,114	...	...	...	...	...
1895-96	...	...	6,43,102	...	...	...	...	...
1896-97	...	...	5,94,100	...	...	...	...	...
1897-98	...	...	7,00,000	...	...	...	...	...
1898-1900	...	...	...	...	1,00,000	...	...	...
1900-01	...	...	...	...	...	...	...	...
1901-02	...	...	...	...	...	...	...	...
1902-03	...	...	...	...	...	...	...	...
TOTAL	5,06,566	1,34,45,146	1,39,50,113	...	14,42,594	45,25,178	...	30,82,584

† Treaty payments debited Rs 1,70,000.

Didwana.

YEAR.	SALT.		ACTUAL EXPENDITURE.				DIFFERENCE.	
	Sales.	Closing Balance.	Realizations.	Expenditure.*	Profit.	Loss.	Profit.	Loss.
1883-84	10	Mds. 3,08,196	Mds. ...	R 67,418	R 2,11,673	...	R 1,44,255	
1884-85	355	3,61,986	...	40,231	2,11,162	...	1,70,921	
1885-86	9	7,14,833	...	67,016	2,12,558	...	1,45,542	
1886-87		5,89,296	...	65,247	2,13,192	...	1,57,945	
1887-88		4,51,571	...	42,385	2,12,139	...	1,69,804	
1888-89		4,00,236	...	37,522	2,15,992	...	1,78,470	
1889-90		3,77,068	...	35,350	2,12,318	...	1,76,968	
1890-91		2,60,168	...	40,038	2,09,649	...	1,69,611	
1891-92		2,28,037	...	28,527	2,12,074	...	1,83,547	
1892-93		2,23,218	...	24,897	2,06,932	...	1,82,035	
1893-94		5,00,899	...	31,306	2,04,495	...	1,73,189	
1894-95		3,91,121	...	24,446	2,14,126	...	1,89,681	
1895-96		3,74,678	...	22,792	2,18,784	...	1,95,992	
1896-97		3,77,235	...	17,327	2,14,125	...	1,96,798	
1897-98		2,79,453	...	17,400	2,08,420	...	1,91,020	
1898-99		2,94,283	...	16,589	2,05,689	...	1,89,150	
1899-00		2,32,273	...	13,795	2,07,838	...	1,94,043	
1900-01		2,07,...	...	10,888	2,05,711	...	1,94,823	
1901-02		3,18,510	...	14,930	2,08,607	...	1,93,677	
1902-03		3,01,381	2,00,617	14,127	2,10,185	...	1,96,058	
TOTAL	4,44,127	69,72,063	71,65,974	2,00,617	6,22,130	42,15,659	...	35,93,590

* Treaty payments debited Rs. 2,00,000.

R. M. DANE.

CHAPTER II.

THE ADMINISTRATION OF THE SALT REVENUE IN SIND.

1. In the foregoing Chapter we have discussed the proposed amalgamation of the Northern India and Bombay Salt Departments. The latter, however, does

not administer the salt revenue in Sind, where the Commissioner discharges the functions exercised in the Presidency proper by the Commissioner of Salt, Customs, Opium and Abkari, and there is a special Collector for Salt and Customs. We therefore deal separately with the question of amalgamation as affecting Sind.

We have not had the advantage of discussing the subject with the Commissioner in Sind who was unable to meet us at Karachi. It was also unfortunate that at the time of our visit, the Collector of Salt Revenue (Mr. Aitken) had only held that appointment for a short time.

2. The present system of salt administration in Sind dates from the year 1878-79, when on the enhancement of

System of salt administration.

the rate of duty from 8 annas to Rs. 2-0-0 a maund, the previously existing earth salt factories were suppressed, manufacture was concentrated at the Maurypur works upon the Moach plain adjacent to Karachi, and the preventive establishments were revised. An Assistant Commissioner, working under the orders of the Commissioner, was at the same time placed in charge of the salt administration of the province, but the appointment was combined with that of Collector of Customs, Karachi, in the year 1882. At the present time the salt supply of the province, which for the five years ending

Name of work.	Average annual quantity excavated or manufactured.
	Mds.
Maurypur	2,70,952
Saran	17,133
Dilyar	19,444
	3,07,529

1902-03 averaged rather over three lakhs of maunds annually, is derived mainly from the factory at Maurypur supplemented by the working of the natural deposits in the Thar and Parkar district at Saran and Dilyar. According to the local statistics an average of 8,610 maunds per annum of rock salt was brought in from the Punjab during the same period, but except in the case of small quantities of table salt there was no importation by sea. The net revenue derived from salt during the year 1902-03 was Rs. 6,39,377.

3. The Salt Department in Sind is administered, under the control of the Commissioner in Sind, partly by the

Constitution of the Salt Department.

Collector of Salt Revenue and Customs, whose pay is debited to these two heads in equal proportions, and partly by District Collectors and Deputy Commissioners. The Collector of Salt Revenue, with the aid of two Assistant Collectors (one-third of whose pay is debitable to salt although the duties of one at least are confined solely to customs), is responsible for the supervision of the production and distribution of salt from Maurypur, Saran and Dilyar, and the annual review of the operations of the Department is submitted by him. The only preventive establishment which is subject to his direct control, consists of the two sea coast Inspectors who patrol in boats the coast line between Karachi and Lakhpat, and an officer known as the Special Inspector (pay, Rs. 150), who tours generally throughout the province assisting the local revenue officers in the supervision of preventive work. The preventive forces are controlled in their respective districts by Collectors and Deputy Commissioners, who also issue licenses for the sale of salt, and are responsible for the inspection of licensees' stocks and accounts.

4. So far as the production of salt is concerned the province of Sind is

Sources of supply of salt.

fortunate. The works at Maurypur are capable of supplying a large quantity of cheap salt of good quality, and at Saran and Dilyar there are natural deposits amply sufficient for the needs of the isolated areas within which they lie. There are also large deposits of natural salt as yet unworked, e.g., at Sarganda.

on the ground that the consumption of Moach salt in Upper Sind has increased itself as rapidly as was anticipated." Although the desire for Punjab salt from the market was expressly disclaimed, it is obvious that the Local Government was influenced in framing its proposals by the competition of this salt. The Commissioner observed that "the presence of Punjab salt in Upper Sind is an obstacle to the extended consumption of Moach salt. If Moach salt can be imported from the depot at Sukkur as cheap as Punjab salt, it will be imported, and the market for Punjab salt in Upper Sind than if they are supplied from the Punjab." In support of the proposal, the Commissioner quoted the following note that the advantages of the Ahmedabad depot and the agencies in Gujarat have always been a moot point outside the Bombay Presidency, while the depôts in Northern India and at Bunch and Surat were closed, after trial, as a failure. The Government of India, however, sanctioned the proposal, and the depot has been worked since the year 1883-84. A proposal to open additional depôts at Kotri, Radhan and

Larkana was sanctioned by the Government of India in 1883. Upon the opening of the depot it was ordered that Punjab salt should be sold there. In the year 1886 six consignments were despatched from the depot to Sukkur. The experiment was then discontinued, on the ground that it could not be consigned there by river under Government management as safely or as cheaply as by private enterprise, under which rock salt, as already mentioned, is still imported into Upper Sind.

7. If there is to be a depot at Sukkur, the price of salt should be such as will cover all charges to Government on account of its maintenance, but the figures do not show that this is the case. The sale price of salt (ex duty) at the depot is 9 annas per maund, which is made up as follows:—

(a) Moach salt	3
(b) Sundry charges	3
(c) Railway freight from Karachi to Sukkur	3
(d) Sundrypur to Karachi Banlar station	6
(e) Railway freight from Karachi to Sukkur	9
Total	9

Of these items, all except (d) represent the recovery of actual charges incurred, and it is to consider how far the receipts under this head cover the estimated liability which may be incurred as follows:—

3½ per cent on the capital cost of construction of the depot	125,692
to the depot (average)	2,964
at the depot	375
ending	375
Value of the salt	722
wastage on salt	722
depôt - 706 maunds at 8 annas	722
Total	722

appears to be rather under the mark than other petty contingencies, and the cost price

amount to 722 maunds

Mr. Aitken esti-
detrains him
the Port Trust

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ment by its maintenance being fully recouped from the sale-price

ly admitted that the working of the preventive
work. col, and Bom-

in May 1902, the Commissioner (Mr. Giles) observed that "all (District
Officers) quite

alt, opium, and excise, wa
considerat

at the time of our

Numerically,

preventive establishment, of which an abstract
in the margin, is not inconsiderable, and
its total annual cost, Rs. 42,936, amounting to
10 per cent of the net* de

receipts of 1902-03. The pay of individual
officers, however, is low: with the exception

tion of the two coast guard
the pay of Inspectors is Rs. 50, a

Superintendent on Rs. 60 is practically on a par
with Assistant Inspectors receive Rs. 25,

and the remuneration of Inspectors
varies from Rs. 25 to Rs. 15, the majority being

the lower figure. In fact the employment of these lowly paid officers, who
by their own ponies, appears to be an unsatisfactory feature of the present

Statistics of cases instituted

Salt Law, seem

NUMBER OF		
Illicit re- manufacture.	Illicit re- manufacture.	Smuggling

21	53
12	24
15	25
33	32

show that the

manufac

to the fact that an abundant supply
of cheap salt has been rendered avail-

to the preventive action taken.
no recent information regarding the

locality condition

these areas and natural deposits of salt, and this the case
cannot be properly recorded. This information has been collected

most of the establishments can probably be covered upon the principal
natural deposits, leaving the check over illicit trade from salt earth

to patrols. Many deposits are situated in outlying tracts which are
difficult to reach by the district police while their

the danger from these tracts is great. It is
an establishment for guarding them.

11. We further consider that in the revenue of the province
of a system of licensed sale of salt, a

The licensed sale of salt. restriction on trade has been allowed to
continue with

Licenses for the sale of salt. the rules and
of 1875

Notification No. 244, dated the 7th August 1875. time of the re of the Dep

in 1878-79. In the districts of Karachi, Hyderabad, and Frontier, the sale of salt without a

the "protected area" lying within a ten-mile radius from a deposit of natural
salt. was required to cover salt

22nd July given to purchasers.

cover salt up

the attention of
port for the y 0, and

it salt while not otherwise o

retention of the procedure as essentially necessary in the interests of the revenue.

Letter of the Government of India, No. 2093, dated the 30th July 1881, to the address of the Government of Bombay.

To this representation the Government of India deferred to the extent of refraining from directing any immediate change, but in doing so they wrote as follows:—

"The Governor General in Council at the same time desires that the Government of Bombay will keep in view the expediency of contracting, as opportunities offer, the area within which the license system is to work and of relying for protection against smuggling upon general preventive arrangements wherever they can be adopted. His Excellency in Council will be glad to be furnished with a full report upon the measures which in the opinion of the Bombay Government, may be adopted with a view to the gradual abolition of the license system."

We have been unable to find that the report thus called for was ever submitted, or that the subject was further discussed, and the whole system was confirmed by the enactment of section 36, Act II (Bombay) of 1890, providing that in Sind, as a whole, no salt shall be stored or had in possession for the purpose of sale, except under the authority and subject to the terms and conditions of a license to be granted by the Collector. We have been unable to trace any particular discussion of the point at the time of the passing of the Act.

12. It may be admitted that the prohibition of sale except under license

Merits of the license system.

is of value as a means of ascertaining the consumption of licit, and preventing

the sale of illicit, salt in localities offering special opportunities for malpractices, but the declaration of the whole province as a protected area is a measure which seems to us to be unnecessary.

The number of licensed vendors in Sind during the year 1902-03 was 12,235, and the necessity of obtaining a license coupled with the subsequent friction and annoyance occasioned by the interference of subordinate officers with stocks and accounts, must constitute a serious hindrance to the trade, and must tend in some measure to enhance the retail price of salt. The opportunities of abuse afforded by the system are obvious. Much of the time of the preventive officers, which might be devoted to more useful methods of the detection of offences, must be wasted in inspecting the licensees' accounts if such inspections are to be effectual.

13. It may be mentioned that among the local officers questioned by

Working of the license system.

us there appeared to be considerable uncertainty as to the working and scope

of the system of licensed sales. Thus the separate forms of wholesale and retail

license prescribed by a notification of 1897

Bombay Government Revenue Notification No. 4973, dated the 23rd July 1897.

Bombay Government Revenue Notification No. 1723, dated the 12th March 1901.

were abolished in 1901, yet, according to Mr. Aitken's statement, effect has even now not been generally given to the orders. Again under the single form of

license now in force a certificate is only required to be given by the vendor to a purchaser of over one maund, yet the Special Inspector informed us that within a "protected area" a pass was needed covering all salt in excess of one seer. This possibly refers to some local orders which District Officers are apparently allowed to issue to supplement the rules framed under the Act. We doubt therefore whether, as it is, the system is effectively worked, and we are of opinion that the area of its operation might be considerably reduced without loss of any security to the revenue and with a marked relief to the general conditions of the trade.

14. The conclusion at which we have arrived after such enquiries as we

Conclusion.

have been able to make into the salt administration in Sind, is that a closer

and more effective supervision is certainly called for. This in great measure appears to be admitted by the local officers. Unless the Commissioner in Sind may have happened during his service to have been Collector of Salt Revenue or Commissioner of Salt, Customs, Opium and Abkari in Bombay, it is obvious that he can have no special knowledge of salt administration. The scheme now under local consideration proceeds upon the lines of a combined preventive establishment for salt, opium, and excise, under an Assistant Collector working directly under the Commissioner. We agree as to the necessity of the appointment of a Special Assistant Collector to relieve the Collector of Customs of duties in respect of salt which he cannot under present conditions satisfactorily perform;

but we consider that he should be placed under the departmental supervision of a superior officer having special knowledge of salt matters. Either the Commissioner of Salt, Opium, Customs and Abkari, Bombay, or the Commissioner of Northern India Salt Revenue could undertake the task. Since Sind is subordinate to the Government of Bombay, there is so far a reason that the local Salt Department should be placed under the Commissioner of Salt, Bombay, but the relations of that officer towards the Commissioner in Sind would then have to be decided by the Local Government, and from the approximate equality of standing of the two officers this might not be easy. It is, moreover, to be observed that in matters of customs, excise and opium, the Commissioner of Customs, Salt, Opium and Abkari, Bombay, has no jurisdiction in Sind, and his functions in respect of opium were deliberately transferred to the Commissioner in Sind at a recent date. On the other hand, the fact that the revenue from salt is imperial justifies the introduction of the agency of the Commissioner of Northern India Salt Revenue, and there seems to be no reason why that officer should not occupy towards the Commissioner in Sind and the Government of Bombay a position analogous to his relationship towards the local administrations within whose jurisdictions his operations are at present conducted. The Commissioner of Northern India Salt Revenue already exercises supervision in areas abutting upon Sind, and in view of the fact that his Department works without friction under several local administrations and amid such specialised conditions as those of the North-West Frontier Province, it seems to us unreasonable to suppose that any circumstances exist in Sind which would render cordial co-operation with the local officers impossible.

We further consider it advisable that the duties of the Assistant Collector and of his subordinate establishments should be confined to the supervision of salt, and that there is ample work in this connection, for some years at least, for one man to do. With proper reorganisation the cost of an efficient establishment for the effective supervision of the salt revenue should not be prohibitive, and we would look for better results therefrom than might be expected from a combined force.

Summary.

15. To summarise our conclusions:—

- (a) We are all agreed that the salt administration in Sind demands a stricter supervision than it at present receives.
- (b) With one dissentient we are of opinion that to ensure this result the Department should be placed under the charge of an Assistant Collector working either under the Commissioner of Customs, Salt, Opium and Abkari, Bombay, or the Commissioner of Northern India Salt Revenue. While both courses seem possible, we think that the balance of advantage is on the side of the latter alternative.
- (c) We are unanimously of opinion—
 - (i) That an accurate account having been prepared in the sense of the Government of India Resolution No. 326, dated the 17th January 1882, of the cost of salt at the different producing sources, the sale price should be readjusted at each accordingly, and as regards the price of salt sold at the Sukkur depôt, that it should be so fixed as to cover fully all charges incurred on account of the maintenance of the depôt, i.e., the pay and pensionary charges of establishments, interest on the capital cost of construction, repairs, wastage, contingencies, etc. At the same time every facility and encouragement should be afforded to up-country merchants to deal direct with the producing centres under a system of through traffic. If this is done the continuance of the depôt will probably be found unnecessary.
 - (ii) That the system of licensing the sale of salt should be restricted to those areas in which the danger from illicit practices is extreme.

MINUTE OF DISSENT BY

1. I regret that, while agreeing with many other members of the Committee regarding the situation in Sind, I am obliged to dissent on the point arrived regarding the measure as I served in Sind for ten years. In Bombay for a like period, it is natural that my opinion as to the manner in which the measure should be carried on.

2. The Province of Sind is, perhaps, the most special conditions in Sind. India. On all sides along a narrow strip, it touches the Punjab. The population consists of Musalmans, who, though of different sects, are bound together by the ties of religion. The village system, and the efficiency of the administration measure, upon the personal influence of the district officers with the people, and through the zemindars, with the people. An officer who converse freely with the people, and to enter into friendly relations with the zemindars, soon finds that Sind is no place for him. It has been realised that, in these conditions, the best policy is to place all the administration in the hands of the Commissioner in Sind. Thus when the Bombay District Police Act was passed, Government withdrew the police from the sphere of the authority of the Inspector of Police, and placed the power in Sind under the Opium Act by the Commissioner. Customs, Excise, and Abkari, were transferred to the Commissioner in Sind. It was found that they could only be carried out through him. This policy has been amply justified. It has been successful, and the good will of the people has been maintained, and the revenue has increased, as to be seen.

of the Commissioner. If the Commissioner is to be successful, they will have to be placed in the hands of the Commissioner. The good government of which they are the result. It is a double for the Commissioner of Sind. In my opinion not only the Commissioner, but the daily life of the people so frequently comes under his many points.

4. I do not think the Report does justice to the administration of the Province in the

Good results. entrusted to Mr. of the Government, the difficulty of the situation is more than in any other part of the world. The sudden change in the administration of the Province is a great mistake.

committed to their charge, were disposed to look upon the proceedings of the salt officers with distrust and suspicion. The attitude of the Sadar Court, the ultimate Court of Appeal for the Province, was undisguisedly hostile, and in the various Courts, it was difficult to obtain convictions, or adequate sentences. In the Khairpur State salt was under no sort of control, and the State was most unwilling that his people should be deprived of the right to use salt, and subjected to a salt tax for the protection of the British districts. Let it now be considered what was effected, in the face of these difficulties, by Mr. Maury, and afterwards by Mr. Coghlan, another officer of the Bombay Salt Department, under the guidance of the Commissioner in Sind. A work was done which has furnished a valuable view of the situation. The people were allured from the use of salt, and illicit manufacture was successfully checked; and the consumption of licit salt increased steadily until, in 1884-85, it reached 8 lbs. a head, an amount which is as good a judge as the late Sir C. Pritchard held to be fully sufficient for a country where saline deposits are so numerous, and no salt is required for cattle. This standard has since been fairly well maintained. The district officers, induced by the Commissioner to take a more reasonable view of the situation, and, under their sense of grievance among the people gradually disappeared. The Sadar Court, which in one year reversed 44 out of 52 convictions, and directed that all cases of convictions under the salt laws should immediately be sent up for revision, was, through the Commissioner's persuasion, brought to a more judicial frame of mind, and there was a corresponding improvement in the various Courts. Finally, the Amir of Khairpur was persuaded to make arrangements for the control of salt within his territory. When the measures taken were considered to be in a fair way to success, it was thought that there was not sufficient work for an officer engaged solely in the salt administration, and in 1882 the office of Assistant Commissioner of Salt Revenue, then held by Mr. Coghlan, was combined with that of Collector of Customs. For some time this arrangement worked well, and Mr. Coghlan continued to make tours of some duration in the districts; but, as the work of the Custom House became more and more exacting, his successors found it more and more difficult to give to salt administration the attention which it required. At the same time the constantly increasing burden of work in the districts, where the charges are very heavy, made it less possible for the district officers to supervise the preventive establishments. The consequence is that, of late years, the supervision, in salt matters, has been less complete and thorough than it should be. It has been left to the Committee to make this discovery. The Commissioner and the district officers have, for some time, been aware that the existing state of affairs is unsatisfactory; and a scheme of reorganisation has already been prepared, and is now under the consideration of the Bombay Government. On the whole, the administrative record of the Salt Department in Sind has been a remarkably good one; and there does not appear to be anything which would justify a revolutionary change. I do not know for what purpose the disquisitions upon the maintenance of the depôt at Sukkur, and the sufficiency of the price of salt have been introduced into the Report. They are not matters of great importance, and there is room for difference of opinion with regard to them. If there is anything wrong, no change in the administration is required to set it right.

5. The other members of the Committee, however, recommend that the Salt Department should be transferred to the Commissioner of Northern India Salt Revenue, on the ground that the Department should be placed under the supervision of a superior officer, having special knowledge of salt matters. It appears to me that this reason is not adequate to justify the proposed change. It is not, I think, because the Commissioner in Sind is unable to exercise effective supervision, for the reforms, which have now become requisite, are insignificant compared with those, which were carried out with conspicuous success in 1878-79 and the following years, under the guidance of the Commissioner in Sind.

As regards expert knowledge, I think it is not at any given period that the Commissioner in Sind is at any given period to the Commissioner of Northern India. The Commissioner in Sind has been in the matter when he takes up the matter and must, under the present intervals, that the Commissioner is innocent of any tincture of knowledge. The Commissioner in Sind is always in the matter of Salt, Opium and Abkari or the matter of Salt Revenue, and frequently does so. On the whole, the Commissioner in Sind is no more likely to suffer from a want of expert guidance under the present arrangement than it would be under the present arrangement. The matter of knowledge of local conditions in a province possessing such distinctive features is a matter of priority for the Commissioner in Sind cannot be gained from the Commissioner of Northern India. The importance of which in connection with the working of the system I have briefly indicated above. I think, he much doubt as to how to

6. There is a further difference of opinion as to the duties of the officer.

Necessity for supervision of opium
Two officers not required

The committee consider that his duties should be limited to the supervision of opium establishments. The duties of the officer in charge of the opium establishments. As a superintendent he must be in contact with the Government of Sind, and the Government of Bombay, and the Government of India.

the prevention of smuggling of opium. The work has become more and more difficult. The hemp drugs' law has attracted attention to excise and opium matters. The need for power. The need for power and opium is as great as it is at least highly desirable, that

of the opium, and another for salt. The necessity of entrusting

This fact is a proposed change.

Commissioner of Northern India of the Commission find that the Salt Department alone. The of the Salt Department as to the necessity of entrusting the supervision of opium are inconsistent.

8. That the fact that

The fact that the salt revenue is not a revenue which justifies proposed change. The Commissioner, Northern India Salt Revenue, would be different from what it is elsewhere.

Bombay, a position analogous to his relationship towards the Salt Department within whose jurisdictions his operations are at present

In the first place I would observe that the fact that the salt revenue is Imperial would, equally, be the fact that the salt revenue is Imperial. The control of the Commissioner of Northern India Salt Revenue. The proposal was rejected by the Government of India, when the general question of placing the whole salt administration of India under a single Director was discussed in 1890, and it has not been allowed to influence the recommendations of the Commission in the cases of the Bombay and Bengal Departments. Indeed, in one of those cases it has not been thought worth mentioning, and in the other it has only been mentioned to be summarily dismissed. No special reasons have been shown why it should be applied to Sind alone. The Commissioner in Sind is not wider powers than a Commissioner of Division, yet he is subordinate to the Government of Bombay. Unless, therefore, it is proposed to give the Government of all authority over salt administration in Sind, the Commissioner of Northern India Salt Revenue would not occupy a position analogous to that which he holds in other provinces. He would have to deal both with the Commissioner in Sind and with the Government of Bombay, and he could not overlook, or go past, an officer holding the position of Commissioner in Sind. Hence the Commissioner of Northern India Salt Revenue would be concerned with three authorities—the Commissioner in Sind, the Government of Bombay, and, in the last resort, the Government of India. The peculiar status of the Commissioner in Sind would render the position the most difficult, and the multiplication of authorities would not be conducive to good administration.

9. My conclusions therefore are:—

- (1) That, in the interests of good administration, the control of the Salt Department should remain with the Commissioner in Sind, as at present, but,
- (2) That he should be given the assistance of an officer, who should be directly subordinate to him, for the supervision of the salt, excise and opium administration.

J. D. JENKINS.

CHAPTER III.

THE PROPOSED AMALGAMATION OF THE BENGAL
SALT DEPARTMENT.

1. In Chapters I and II we have

Scope of the reference.

It has also been suggested that the Department be entrusted with the supervision of the salt refineries (except that incidental to the refining of salt has to deal only with the supervision of the

Assistant Commissioner
Superintendent
Inspectors
Sub-Inspectors
Petty Officers
Peons
Launch and boat establishment
Clerical staff
Refinery establishment (Calcutta)
Munals

Under the present arrangement the Department has his grade plus an allowance for the year 1902-03. The Commissioner extra is in charge of Khulna, and Superintendent is in charge of Puri, Cuttack, and Balasore. Under the Collector, and operating scheme to make over to one of the Superintendents Superintendent from Orissa to be proposed to bring the Collector's districts at present under the As

3. The suggestion that the

Earlier proposals for amalgamation.

Government of India, was made. The amalgamation put forward in 1889, to which reference is made in Chapter I, paragraph 5. The Local Government

Despatches of the Government of India, No. 2, dated 1889, and No. 16, dated 1899, on account of the change, from the Act, VII.

however, the management of salt affairs in Orissa was entrusted to the police. The Bengal Board of Revenue in Orissa in 1897; and in the same year that division was created under the Commissioner of Excise and Salt. The management of salt affairs in Orissa was different from those of 1889.

4. In the course of our

Local opinion regarding the proposal for amalgamation.

officers. We did not ascertain the departmental feeling (except by the favour of the Commissioner) was in favour of the amalgamation. The officers were in the main adverse to the amalgamation. The salt officers and the district officers of the Commissioner of Salt, Madras, were not altogether

of the Local Government, since such a change would be a serious matter. Our Report to an extent which the officers consulted, the of the Commissioner) was in favour of the amalgamation, from which an improvement of the Commissioner and district officers were in the main adverse to the amalgamation. The salt officers and the district officers of the Commissioner of Salt, Madras, were not altogether

5. In favour of amalgamation the following grounds may be urged:—

Arguments in favour of amalgamation.

- (a) The amalgamation would be improved. It would be easier to arrange for the transfer of officers whom, for reasons of health or unsuitability for any branch of the work, it might be desirable to post to other duties. In a Department of the present size the transfer must necessarily be slow and prospects limited. The amalgamation and transfer is also restricted. In the event of the districts of Orissa and Noakhali from the present province, the difficulties would be accentuated.
- (b) The expert knowledge of the officers of the Northern India Salt Department is doubtless greater than that of the members of a small local staff. The Commissioner of Salt, Madras, has little special knowledge of the salt business, and the supervision of Collectors is interfered with by other demands upon their time. The head of the Salt Department has also a larger body of skilled staff upon whom. On the other hand the need for expert knowledge in the course of the preventive duties upon which the Salt Department is engaged in Departments connected with the salt trade as in Northern India, Madras, and Bombay, and acquaintance with the local conditions of salt work. The Commissioner of Salt, Bengal, may come to the Department without previous knowledge of salt business and the difficulties for which such knowledge is essential.
- (c) The increase to the staff of the Salt Department in Bengal might to some extent be met by the transfer of officers from the Northern India Salt Department.
- (d) The control by Collectors of preventive operations has not always been successful in other provinces. On the other hand the plan has worked well in Bengal, in the Orissa division and in Chittagong.

6. The following are the principal arguments in favour of the continuance of the present system of local control over the Department in Bengal:—

Arguments against amalgamation.

- (I) The authority of the District Officer is likely to minimise friction between the officers of the Salt Department, the police, and the people. The experience of the Salt Department in Orissa has already been instanced, and in the Sundarbans in particular, collisions between the Department and the people are not infrequently inevitable.
- (II) The operations of the Bengal Department are conducted along a littoral very different in its physical features from the other areas administered by the Northern India Department, and in season and conditions which are often difficult to manage. In the language and character of the people the conditions bear little resemblance to those of Upper India. The season during which

illicit manufacture, extending only from January to June, and as a local staff, the salt officers might perhaps be able to discharge their duty season on other duties con-

- (III) It would be impossible for the Revenue, in the more remote parts of the Presidency, to exercise the authority of salt affairs in connection with other Departments.

- (IV) The notwithstanding the penal the
- (V) Constant change in the Department in Bengal (outside Orissa) recently, and is completely every now.

7. Upon the whole, it is recommended that

Local Government is desirous of drawing out the advantages to be derived from the present system, which perhaps on the whole is more than to be discussed such a case.

CHAPTER IV.

IN THE

RESIDENCY

1.1

Scope of the

consideration immediate connection

to the ad-
010, dated
the 1st September 1903.

discussed previously existing agencies, with two exceptions which are in established in those parts of the Bombay Presidency which are not under the salt, and are all in Gujarat. Our present remarks deal with them only.

2. The statement in the margin furnishes the names of the agencies now in existence together with the years in which they were respectively established. Their management is in the hands of the firm Messrs. Naoroji Pestonjee who have been connected with them since the outset.

Description of agencies.			
Name of agency.	Year in which opened.	Name of agency.	Year in which opened.
Vishnupur	1873	Godhra	1882
Sabir	"	Abu Road	1883
Nadiad	"	"	"
Anand	"	"	"
Mehmul	"	"	1894
W.	"	"	1897
Dakore	"	"	"
Umreth	1873	"	"
Thasra	"	"	1899
Kalol	1879	"	"
Pungarwa	"	"	"
Mehsana	"	"	"
Uncha	"	"	"
Sidhpur	"	"	"
Palanpur	"	"	"

agents at Abu Road, Rohara, Godhra and Dohad, at which in consequence of the distance the rate of R2-7-0 is charged. He is remunerated by the Government at the rate of 1 per cent. upon the sale proceeds into the Treasury, and 1 per cent. on the quantity of salt sold. No commission is paid to any agency indicated in the margin of one bag for every hundred bags sold.

3. The scheme of Government in the distribution of

Closure of previously existing salt works.

in 1870, in accordance with which the previously existing works were closed in the margin, and manufacture was concentrated in the year 1872 at Kharaghoda, which was at the same time connected by rail with the Viramgam Junction on the Bombay, Baroda and Central India Railway. In 1881 in consequence of the inability of the works at Kharaghoda to meet the demand, a new work was opened at Udu, and the works were extended.

In the Runn. (Baragara salt)		
Name of work.	When closed.	
Patri (Kharaghoda)	1874-75	
Fatepur	"	
Anwarpur	1875-76	

Outside the Runn. (Sea salt)		
Name of work.	When closed.	
Kharaghoda	1872	
Udu	1875	
Uncha	1872	

contemplated a series of Government depôts at all important railway stations between Patri (Kharaghoda) and Dohad (south of Daman), but they were eventually constructed at Ahmedabad, and Baroda. To meet the demand

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Objects of the agency

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The Government of Bombay

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territory." Lastly, it is to be noted that credit has been taken in of wastage for the salt deduction from the salt workers referred to in paragraph 6. It is obvious, therefore, that this cannot be taken as a set-off to the wastage allowance given to the agency factors.

Adding the total cost so arrived at by 23,01,342 maunds, the average annual production of ten years ending 1902-03, we obtain 8-17 pies per maund, to which must be added 1 anna 3 pies per maund, the cost of proper packing, and the cost of haulage and storage, making a total of 9-20 pies per maund, the cost of the salt. It should, moreover, be borne in mind that the actual price should leave some margin for this figure, since the actual price should leave some margin for the miscellaneous expenditure, such as the cost of the salt, which have escaped enumeration. The actual sale prices (ex-duty) are, however, 2 annas 4 pies, and 2 annas per maund, coming respectively :—

	Within the Presidency. Price.	
Right and ground-rent	1 3	1 3
Haulage and storage	0 9	0 3
	0 4	0 6
	2 4	2 0

The cost price represents the actual payment to manufacturers for salt delivered. The charge for proper right and ground-rent was originally supposed to include the cost of establishment. When submitting his proposals for the establishment of agencies in 1873, Mr. Pritchard assumed, as a rent charge, it was unnecessarily high, but he preferred to retain it as it was, rather than to add a specific item covering the 2 per cent commission payable to the agency factors. A portion of it, therefore, represents a debit on account of the agencies and the legitimate debit on account of establishment and rent cannot exceed 2 annas, which is the debit on the head to salt sold outside the Presidency. The item of 4 pies for haulage and storage is the actual payments to the railway for the cost of haulage and the cost of storage ($\frac{1}{2}$ pie). It was explained in 1899 that 2 pies under this head on salt consumed outside the

Enclosure to Bombay Government letter India, No.

Presidency was charged "with a view to balance any possible loss on the salt." As such we do not consider it a legitimate charge, as the salt sold through the agencies should bear all charges of that scheme, but it has also been suggested that inasmuch as the extension of the works to Udu in 1881 was undertaken in the interests of consumers beyond the Presidency, they should properly bear a larger share of the uniform rate of 4 annas and a half per maund paid to the railway on account of the cost of haulage from both nearer and the more distant works.

It will be seen, therefore, from the data calculated by us the sale price of Baragara salt charged outside the Presidency, namely 2 annas per maund, is insufficient, and inside the Presidency the price, 2 annas 4 pies, is also inadequate, as the 6 pies per maund, which are collected on account of the agencies, must be excluded since the cost of the agencies has not been included in the above account.

8. Coming now to the profit and loss account of the agencies, we have

Profit and loss account of the agencies.

examined the question on the basis that the 6 pies per maund, just referred to, is available, as assumed by the Bombay Government—(vide Appendix II). The proceeds of the 2 pies per maund collected on sales outside the Presidency cannot be credited to the agencies, since even when this is included in the charge for salt outside the Presidency, the price, as we have shown, is inadequate.

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1	25	0	0	5	0
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Financial loss the agency

upon this basis for five
total loss for that period
of an average of Rs14,080 per

1902-03 12,891 annual
It is shown that the agency
system as now worked, entails considerable

10. We will ne the arguments
of the agency system. which may be the
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(b) The tion to the people again
have a saving effect upon price

The fact that the salt supply of Gujarat
been derived from these agencies and the y years

comparison between ruling prices and the

But it is argued that the fact that G down salt
ly at cost price must cheapen the price of salt to if

distribution were left to private trade. In com the
wholesale market rates of places where to be remem-

hered that so before it reach the vendor, and with a low-
employed, it must always be sold at the y sold at the

out-lying agencies at the pres. retail prices show
that in Gujarat, where the agency system is, the retail p not
lower than they are in the Thane Sulej portion of the Punjab, which in
the matter of the facilities for ng salt may fairly be compared with
Gujarat and where the distribution of the salt after it leaves the is left
to private trade (vide Appendix III).

Moreover by the adoption of an uniform freight the Local Govern-
ment has been below cost price at some places and above it at others.
A s annexed (vide Appendix IV) showing the actual freight

* 4 annas 8 pias in of the agencies rates to the different agencies in com-
at Abu Road, Rohara, Godhra and Dohad. parison with
3 annas 2 pias

it will be seen that at 13 out of the 32 agencies, including Ahmedabad, of
actual rates are less than 3 annas 2 pias per maund, and

the actual rates at which were 14 per cent of the of the annum
ending 1902-03, there was an ove of 1'01 per cent

We consider it wholly unre that certain

benefit at the expense of others, and the in particular

appears to us to be unjustifiable, though

freight charged to that town is of importance in

this head elsewhere. It is only possible to m

consignment from Kharaghoda are not

there are agencies, and we find that in 1874 Mr. P

Letter No. 576, dated the 24 Rev

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The only question is the case of Gujarat is
as to justify special measures in the case of agencies as well
that such cases may exist. The agencies are
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1876, the necessity for there must have been some word in so far
as a direct prohibition has been placed upon the private supply of salt by rail
the agency could not be placed upon the principles defined by the Gov-
ernment of India and been considered.

(iii) The system has the disadvantage attendant on the creation of a

It has already been seen that at stations at which these agencies exist no
wholesale merchant can obtain salt from Kharaghoda. It is not that in
then the agencies have been placed in such a position as to have placed complete
control in their hands. It would seem quite possible in the future that so

can manage themselves. Lastly, there are the disabilities
of the agencies in favour of the Government. The agencies can only be

strongest proof of their necessity.

12. Our conclusion upon consideration of the agencies is that there is no
doubt of the necessity of the agencies in the shape, by

the Government of India, from its
basis, and at the same time to throw open the
existing agencies for the second course. In Gujarat,

having no artificial charges, may suffer some
derangement at first if these be suddenly blocked, and in the case of some of
the agencies (e.g. the agency at Kharaghoda) the Government may have to

of this course any actual loss to Government will cease, and
the agencies will have no difficulty for establishing itself. The adjustment of
prices so as to cover all charges is a principle which has been
admitted by the Government of India and admitted by the Government of

Government of India letter No. 2183, dated
the 27th July 1886, to the Government of Bombay.

directed, the price of salt should be included
charges, including the cost of the agencies should be included
contractor and that no

the cost of the agencies should be included
in the price of salt at the main agency at
Kharaghoda. In 1886, when

suggesting the withdrawal of the agencies of India
the Government of Bombay, the Government of India

to those under which the operations of the agencies are
carried on," and the Government of Bom-

the Government of India, "it will be expedient to
raise the selling price of salt to a level

of private competition at a
the increase in the price of salt to be felt as a new
burden."

13. The necessity of the agencies is
Recommendation of the Government of India

sale price of Kharaghoda salt. When
this has been ascertained, salt should be sold at each agency at the price so fixed

plus an amount sufficient to cover the allowances to the contractor for commission and dryage (inclusive of duty on the wastage and not only its cost price), plus the actual railway freight to each agency. The retention of the uniform rate of freight is advocated because it is most convenient for practical business purposes, and ensures publicity regarding the sale price of agency salt. There is, it is urged, less chance of abuse when the price is uniform, than if each agency sold at a price of its own. It is, in our opinion, unfair that any locality should in the matter of its salt supply be forced to lose the advantages of its position, and this factor outweighs any advantages which may lie in the adoption of an uniform rate as a protection to the purchaser. Moreover, if free competition be admitted, the agent would be handicapped in the contest at all stations to which the actual freight is less than the uniform rate, and a reduction of his business at such stations will obviously entail frequent revision of the rates elsewhere.

If salt is thus sold by the contractor at its cost price plus the 2 per cent now given, it only remains to allow to outside trade the advantages of the "through traffic" system to any centre on the line. The agent will still retain the advantages of his established connection with the trade, of his relations with the railway, and of his shops

The relations between Messrs. Naoroji Pestonjee and the Railway authorities are admittedly most cordial. The Railway assists them in the erection of their sheds in station yards, and when the agencies were extended along the Ahmedabad-Pahlanpur line in 1879, the firm was allowed the privilege of free telegrams on salt business, free carriage of letters by train, and free return of empty bags and carriage of new bags from Bombay.

and staffs *in situ*, but so far as otherwise practicable, private trade will be placed on an equality with him, and if prepared to occupy any portion of the field, will have an opportunity of doing so. It is objected that in the event of such a change combinations of merchants will oust the agent, and having established themselves in undisputed possession will raise their prices. It seems to us to be scarcely consistent, first to assert that there is no private trade in Gujarat fit to undertake the distribution of salt at reasonable rates, and secondly, that there is such a well organised mercantile community that, if not vigorously repressed, it will gain a monopoly of the market. We believe that, under open competition, the trade will adjust itself to the supply of the demand at a reasonable rate of profit to the distributor, and that this long cherished belief in the need of artificial restrictions will be demonstrated to be without foundation.

We have already referred to the contingency of political considerations requiring the maintenance of agencies in a few isolated localities. An agent employed to sell salt at such places only would probably require more favourable terms than if the places formed part of a general system of agencies throughout a large tract of country. We would not object to a higher rate of commission being given, provided that the price of salt at such agencies is fixed, in accordance with the principles above recommended, so as to cover all charges, and no monopoly is created. If private trade is unrestricted and people are willing to buy salt at an agency at the full cost, it will show that the agency is required in the interests of the consumer, and in such cases its establishment is of course unobjectionable.

MINUTE OF DISSENT BY MR. JENKINS.

1. I regret that I am unable to concur with the other members of the Committee in their strictures upon the agency system in Gujarat; or in their recommendations as to the manner in which the agency business should be conducted in future, except as a device for preventing the trouble which would undoubtedly arise, if the system were summarily abolished.

2. The report contains a digression into the question of the cost price of Baragara salt, which appears to me to be irrelevant to the issue. If it is found that the present price is inadequate, it will be raised both at the agencies and generally; whatever the result may be, it can have no bearing on the question of maintaining the agencies. I propose, therefore, in order to avoid confusion, to deal with this matter in a separate note.

3. In the first place I think it will be well to make it perfectly clear that in the main area in which Baragara salt is made and sold on behalf of Government, which may roughly be described as the tract bounded by the Gulf of Cambay and Kathiawar on the west, by Rajputana on the north, by Central India on the east and the Mahi river on the south, the salt does not enter into competition with any other licit salt, whether manufactured by Government or by private individuals. Within this area the manufacture of salt is the absolute monopoly of Government, and no private factories are permitted. The system of sale interferes with no existing trade, nor has it driven out any trade which ever existed. The most that can be said is that it has prevented a new and small body of middlemen, whom the concentration of manufacture and the exclusion of other salts, in the absence of arrangements for sale at local centres as well as at the seat of manufacture, would have created, from coming into existence.

General conditions, under which the agency system works, stated.

4. The other members of the Committee consider that the reasons originally assigned for the establishment of depôts or agencies for the sale of the salt, viz., "securing to the inhabitants of Gujarat the facilities for obtaining salt without the intervention of the middleman which they enjoyed before the concentration of manufacture," have no foundation in fact. On this point I should be content to accept the opinion of Mr. W. G. Pedder and Sir Charles Pritchard, whose knowledge of the conditions existing thirty years ago must necessarily have been much greater than ours can be now, even after a few days' sojourn in Gujarat. It is a question not merely of the people who formerly consumed Baragara salt, but of those who drew their supplies both from the Runn and the sea salt works. It is an undoubted fact that many of the agencies do supply places where sea salt, obtained from local works, was formerly consumed, and other places where both Runn salt and sea salt were sold together.

Reasons for the establishment of the agencies not insufficient.

5. It is, however, alleged that the opening of railway communication has compensated for any disadvantages caused by concentration. As a matter of fact, however, the railway is the middleman's greatest ally, because it does not pay to convey salt from the seat of manufacture in any quantity less than one wagon load, which is at this moment 309 maunds. This quantity represents the annual consumption of some 3,000 persons, and at any of the local centres would cost on the average about R700. Now the number of retail dealers who have customers representing 3,000 consumers of salt, or could afford to lay in a stock of 309 maunds at a time is very small indeed, and I venture to say that none will be found except in the largest towns. It is evident, therefore, that in default of arrangements for the sale of the salt at local centres, the retailers will be compelled to resort to the middleman, and that under a system of strict monopoly and concentration of manufacture, the retailers, and consequently the consumers, have less facilities for obtaining their salt, without the intervention of the middleman, than they would have under a system of numerous local factories. The middleman is, in fact, a necessary product of a monopoly system which is only carried as far as the concentration of manufacture and sale at the

Effect of railway communication.

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comparison of agency and trade prices can be made in Gujarat since agency and

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follows:—

Station.	Rs.	As.	P.	Difference.
Rutlam	2	10	8	0 7 9
Jodhpur				
Mhow				
Ujjain				
Khandwa				
Barani				
Piparia				
Gadarpur				
Jabalpur				

The figures where Baragara it comes into close competition with sea salt, as at Jabalpur and a. The phenomenon is not an unusual one. We have, in the our inquiries, found other instances in which the price of a salt in the home market, which it commands, is relatively, and sometimes actually, higher than in distant markets where it competes with other salt. In Northern salt has complete command of the market, and it may be in the distribution were left entirely to private trade, the difference would be nearer the superior than the inferior limit. The difference at Rutlam is and is probably due to temporary causes. I have several times made inquiries regarding the price of salt there and the ordinary difference is about 5 annas per maund. I think, therefore, it may be that if the distribution of Baragara salt were abandoned to private trade the price of one whole maund of salt would rise, in the area now served by the agencies, by at least four annas per maund.

9. It is argued, however, that, owing to the equalisation of prices at all the agencies, except four, which lie on the advantages of equal prices at all agencies of the area supplied, custom-

more, and those at a distance less, than the former might be supplied by private agency. It is therefore necessary to say a few words on the principle of fixing the same prices for articles of monopoly within certain defined areas or believe, been adopted in most exist, as the best means of equalising the market. It is obviously equitable; for a man who, but for the intervention of might get his goods from a factory at his door, ought not to be required to pay more than the man who, by chance, happens to live in a place where a factory has been established by Government. It is, in my question to speak of persons being of the position in proximity to a salt work, the advantage and have been created by Government. The facilitates the purchase of salt by the purchasers.

where salt, which is a State monopoly, is sold at a uniform price of Rs2-8 per maund, to the great benefit of the consumers. The germ of the principle, as applied to be found in a pencil note made by Sir Charles Pritchard's report. I cannot discover that Sir Charles Pritchard had any knowledge of continental monopoly systems and hence he arrived at the same conclusion as we have. The experience of the working of monopolies than the system equality of price is achieved by fixing an average freight rate sufficient to cover the whole cost of salt to all the consumers. This average rate is added to the issue price of salt. In order to

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Objections to system

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Chap. IV.]

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supplied through the
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proceed mine the objections wh
are as follows:-

- (1) That their maintenance
- (2) That their retention constitutes an unjust interference with
- (3) That it has the disadvantages attendant on the creation of a monopoly.

13. Even if the first objection is held to be well founded, it would furnish

Whether system has
ment questionable, but
agency prices will be much lower than
those which would otherwise obtain, even when all possible charges have been
included in the price of the salt. But there is a good deal to be said on the
other side. My account of the financial results of the working of the agencies
for the last ten years is as follows:—

Average of five years, 1898-99 to 1902-03.

Credit.

	R	R
Royalty at 6 pies per maund	14,385	11,220
Profit on freight	515	
Saving in establishment charges at the main stores	1,000	57
On account of haulage	2,000	
	2,000	

Profit excluding wastage allow	
Wastage allowance	11,220
Loss including wastage allowance	

My account differs

ort in the following points.

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it is held that almost the whole of the cost of est

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the depot should be converted into an agency.

savings which are effected in the establishment of the main stores at Kharaghoda, through the issue of salt to the depôt and the agencies instead of to the customers. At present the issue of salt to the depôt and the agencies is practically costs nothing, because they can be conveyed by water if the work is slack. The number of issues were made to individual centres. If therefore the depôt and the agencies were all taken into one, it would be certainly not be less than Rs. 100 yearly. I have also entered on the credit of the overcharge in the rate of haulage on salt in the Presidency, the reason for which is explained in the following.

14. According to

Only possible loss is in the cost of dryage. Whether dryage is a question for the Government or not, but decision will not affect working of agencies.

in the price of the salt. It has always been the policy of the Government that it should not, on the ground that it is covered by the five per cent deducted, on account of the cost of the salt, be a burden on the salt makers. This is to the value of the salt *ex* duty; but since it is a stock to meet a possible deficiency in the supply of salt, it is, however, a price of salt in Gujarat on account of the price of the Sambhar supply. Again, it has been customary to make the maund, on account of the cost of the salt, as available to meet any deficiency in the cost of working the system. Enough salt for local consumption is available, and it is a duty to haul it to greater distance. For the sake of convenience an all-round rate of 3½ pies per maund is fixed for the salt, which is a higher rate than the all-round rate; and it was a part of the policy of the Government that the salt should be sold at a small profit; and therefore something is due to the local salt on account of the cost of the salt.

an average local consumption of 500,000 of Rs. 2,000, which is fairly available. I do not think that any other system could be arranged, and it will be better to consider the question of dryage on its own merits.

15. It is argued that the agents derive profit from the salt. With careful handling, and good arrangements for storage, it is a case. But it does not seem to me that the agents should pay for salt which has disappeared in the consumption of the Government. The fair rate of wastage in private trade is, I think, unequal. It may be compared with the rate of wastage in the Madras Presidency with the one per cent fixed in Bengal, and with the 2 per cent in the Bombay Presidency.

the establishment of the

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that the duty on the wastage allowance should be reduced to the average rate of the price of the salt, and the full working of the agencies have the least possible interference.

16. The second objection, that the

Argument of interference with private trade considered.

trade, is a theoretical argument, which is entirely inapplicable to the conditions of the case. The order of Sir Charles Pritchard in 1874 prohibiting the consignment of salt, to private traders, to stations where agencies existed was intended to prevent not fair competition at the prices fair competition was impossible, but maliciously intended to the existence of which Sir Charles Pritchard had evidence at the time the order was passed. There in fact, been no interference with trade, except in so far as a small class of middlemen has been prevented from springing up; and as they never had any existence, there can have been no interference with them. To the trade as a whole, the system has been beneficial, as the great body of traders are enabled to obtain salt at many different centres, and they could obtain it for themselves direct from the depôt. The application of maxims inculcating the value of the policy of non-interference with trade, in a business in which Government have already interfered by the concentration of manufacture at one place, refusing to permit the opening of private works, and prohibiting the importation of salt by sea, seems to me to be in the last degree incongruous.

17. As a general statement, and it is nothing more, the objection that the

Objection on ground of creation of a monopoly considered.

system has the disadvantages attendant on the creation of a monopoly, contrary to fact. The principal disadvantages of a monopoly arise from the power of the monopolist to control the market and fix prices in accordance with his own interests. In the agency system this power is in the hands of the Government, who have it already independently of the agency system. The agents who are bound to sell salt in unlimited quantities at fixed prices are not monopolists in the ordinary acceptance of the term. The objection, however, is a statement of this objection, and are presumably intended to support it, though the connection is not clear. It may be said that the agents are not always be forthcoming may be set aside, as, valuable as the services of this firm have been, they are not to be relied upon for the future.

disabilities entailed on private merchants is merely a repetition of the general argument of interference with private trade.

18. I have frequently

No harm, but good caused by the system. evil has been caused by the existence of the agency system. Apart from theoretical talk about interference with the freedom of trade, and the evils of monopoly, in a business which is a monopoly, and in which interference has already gone almost to the utmost possible extent, there has ever been given to the question, and I do not believe it is possible. On the other hand, it has been clearly established that under the system salt can be supplied to the consumers in quantities more than would otherwise be possible. It is trust that they will be able to do this, and good in order the misapplication of the doctrines of political economy.

19. I am glad to find myself in accord with the other members of the Committee upon one point, namely, the danger of suddenly withdrawing the agencies. Their abolition would certainly be followed by a great and sudden rise in prices, which would cause general distress, which, though it might not find such forcible expression as it did in the riots served by the Abu Road and Rohera agencies. Those agencies were closed, would be none the less real. It is proposed therefore to retain the agencies, with certain modifications, which are briefly, that there should be charged at each agency the actual cost of laying down the salt plus commission charge; and that the restriction upon the consignment of salt by private traders to agency stations should be removed. The first of these changes would involve the abandonment of the

system of equal prices, the advantage which I have already explained. The second would deprive the agents against malicious underbidding, which they now receive, because no private trader can be brought in. But the Government prices. But continued long enough to make I do not see where, under the agents come in. They are footing as ordinary traders, but a fixed price. I have no doubt they will loyally attempt to carry out any order to make; but from a purely commercial point of view, I think they would have probably do far better for themselves by continuing the existing system. I am thoroughly convinced why Government should enter upon one can foresee.

which I have already explained, which they now receive,

ment, the results of which no

J. L. JENKINS.

Statement showing the rates of salt at certain stations. (To accompany Mr. Jenkin's Minute of Dissent—paragraph 17.)

1	2	3	4	5
No.	Names of Stations.	Duty.	Price.	Ground rent.
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3. The other item is the capital expenditures with regard to the history of the buildings, from 1870 to 1900.

the following:

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 air system. In a further

March 1871. The
interests of the

W. J. G. & J. J. G.

...ared to sanction the cost of the line as a charge on the revenue of the
... At the same time, the Government of India and
... line were
... Bombay,
Baroda and Central India Railway Company. Under this agreement the
... were to carry as much salt as the Salt Department required at
... of a pie per maund per mile over the branch; the
... charges
were to be dealt with as income and charges of the main line; and additional
works required by the Salt Department or for railway purposes were to be paid
for by the Salt Department and the Company
... of India approved the agreement and sanctioned the following outlay for the
line:—

	R
ed railway outfit,	\$89,056
	20,777
	—
the sale	ings at the terminus, and
and s	ing as shown by the
	es
	88
gs at the terminus and	ghoda 88
	26
	88
	—
	17,726
(to railway)	
Miscellaneous buildings	26,026

Meanwhile the Government of India had addressed to the Government of Bombay a letter No. 1877 dated 12th July 1872, in which they stated that since this expenditure was not met by the revenue derived from the Government of Bombay, it was proposed to direct the necessary expenditure to be passed as an imputed charge. In reply the Government of India, in their letter No. 3773 dated 24th October 1872, mentioned that the Provincial assignments in order to provide for these

[illegible]

connected with Kharaghoda by a tramway and served with a set of sidings and a high level platform. For these works an estimate, amounting to Rs. 2,36,261, was prepared and sanctioned (Government Resolution in the Public Works Department, No. 723, dated the 4th October 1882). But the amount proved insufficient and a second estimate of Rs. 2,61,000 was sanctioned. Thus the whole estimated cost of the tramway and sidings for the Uda extension was Rs. 4,97,261. I have not been able to obtain any figures of the actual expenditure, but I believe it was a good deal less than the estimate.

6. In connection with the second estimate the Government of India desired that the sale price of Baragara salt should be recalculated and that they should be furnished with a copy of the calculation, with a full explanation of all items (Government of India letter, Department of Finance and Commerce, No. 4715, dated the 6th November 1882). The request was duly conveyed to the Commissioner of Customs, Salt, Opium and Abkari, by the Bombay Government; but it does not appear that any report was ever made. As the Government of India took no further steps in the matter, it can only be supposed that Mr. Pritchard was able to satisfy the Local Government and the Government of India, personally or by demi-official correspondence, that no change was necessary.

7. It seems to me quite reasonable that Government should be satisfied with the direct and indirect advantages gained by the construction of the railway and sidings without seeking to recover the cost by enhancing the price of salt. I understand that the whole cost of the railway and sidings made to serve the Sambhar Lake has not been taken into account in fixing the price of salt at that place. If Government had not elected to carry out the work at Kharaghoda in the manner described, it is probable that the Railway Company would have constructed the railway and most, if not all, of the subsidiary works, as in the case of the sidings at the Madras Depot, and the railway connections with works on the Madras coast, which have involved no increase in the sale price of salt. The salt traffic on the Viramgam-Kharaghoda Branch is constantly increasing, but there is also a considerable goods and passenger traffic, which alone would justify the existence of the line. The line which, in ordinary course, will shortly come into the possession of Government, has certainly been a highly profitable investment; and since the undertaking as a whole has been signally successful, I think Government would be justified in deciding that the consumers should not be required to pay for the railway and the subsidiary sidings.

8. I have prepared estimates, which are appended, showing what the different sale prices of Baragara salt would be, (1) if all railway expenditure except that on the main line were taken into consideration, which is the course suggested by the Committee; (2) if only the expenditure on extensions incurred after the original scheme of 1870 was completed were included in the calculation, which in view of the decision of the Government of India, is in my opinion, the most that can be done; and (3) if all expenditure on the railway and sidings were omitted, which is the method hitherto adopted. The first and second calculations show a loss of 2½ pies and 1¼ pies per maund respectively. The third shows a profit of 1½ pies per maund.

9. For the purpose of these calculations I have accepted the figures given under the different heads of expenditure in the Report, though in some respects they require modification. Thus the proportion of establishment charges is certainly excessive, if it is intended only to cover the cost of supervision of manufacture. I understand, however, that, in fixing the proportion the other members of the Committee were influenced by the consideration that the establishment also supervises storage; but the same, or even a greater amount of supervision of storage would be required if the work were managed as an excise work. In excise works water is, when necessary, supplied to the establishments at Government cost, and the water works at Kharaghoda supply water to other establishments besides those employed about the salt works, so that some reduction should be made on this account. The debit on account of wastage is entirely due to the maintenance of large stocks on account of the uncertainty of the supply of Sambhar salt. The reduction of 5 per cent is more than sufficient to cover ordinary wastage. It seems to me that either sufficient reserve stocks should be kept at Sambhar to meet any failure in the supply, or the

cost of the insurance of the supply should be debited to the cost of Sambhar salt. If expenditure were incurred at Sambhar on account of the supply of Baragara salt, the Commissioner of Northern India Salt Revenue would be the first to demand that such expenditure should be charged to the cost of Baragara salt. The difference which would be made by a re-adjustment of the figures would affect the calculations to the extent of a pie or more per maund. It may be taken that, upon a most stringent application of the principles by which the sale price of Government salt is to be regulated, the deficiency in the sale price of Baragara salt is about two pies per maund, while if the calculation is made with due regard to the facts of the case and the original intention of the Government of India, there is no deficiency. These results may be compared with those obtained in the case of the Rajputana salts, which have continuously been sold at prices greatly below cost price; while, though accounts have professedly been kept, it was not known, a few days ago, to what extent the prices now charged meet even that portion of the expenditure which they are supposed to cover.

J. L. JENKINS.

ESTIMATES OF THE COST OF BARAGARA SALT.

In these estimates the cost of the depôts at Baroda, Broach and Surat which have been made over to other departments has been excluded; and also the cost of the depôt at Ahmedabad which is debited separately against distributing agencies.

So too the additional charge of six pies per maund for cost of distribution has been omitted from the sale price of salt within the Presidency.

The average quantity of salt produced during the last ten years has been 23,00,000 maunds.

The average issues for the last ten years have been—

Within the Presidency	4,80,413 maunds at 1½ annas per maund.
Outside " "	14,61,972 " " 2 " "

And the average sale price deduced from these figures is 1 anna 11 4/96 pies per maund.

Estimate I.

This includes the cost of all sidings, but is exclusive of the cost of the railway line.

Capital Expenditure.

	R
Sidings at Kharaghoda	3,36,000
Miscellaneous buildings at Kharaghoda	23,000
Sidings at Uda	4,97,000
TOTAL	8,56,000
Water works	2,70,000

Annual Expenditure.

	R
Interest on Capital { 8,56,000 at 3½ per cent.	30,000
Upkeep of sidings { 2,70,000 at 4 " "	10,800
Establishment charges	18,000
Haulage and storage 23,00,000 maunds at 4 pies	10,500
Wastage	48,000
TOTAL	1,26,800

	A.	P.
Incidence of above expenditure per maund	0	10 5/8
Add cost of production per maund	1	8
	2	1 5/8
Sale price	1	11 4/96
Deficiency	0	2 1/8

Estimate II.

This includes only the cost of sidings, etc., made after the original scheme of 1870, the cost of which the Government of India declared to be a charge against the salt revenue, had been carried out.

Annual Expenditure.

R	R
Interest on Capital { 5,00,000 at 3½ per cent.	17,500
{ 2,70,000 at 4 " "	10,800
Upkeep of sidings	18,000
Establishment charges	10,500
Haulage and storage 23,00,000 maunds at 4 pies	48,000
Wastage	9,500
TOTAL	1,14,300

A.	P.
Incidence of above expenditure per maund	0 9.54
Add cost of production per maund	1 3

Sale price 2 0.54
11 11.496

Deficiency 0 1.044

Estimate III.

This is exclusive of all expenditure on railway and sidings.

Annual Expenditure.

R	R
Interest on Capital 2,70,000 at 4 per cent.	10,800
Establishment	10,500
Haulage and storage	48,000
Wastage	9,500
TOTAL	78,800

A.	P.
Incidence of above expenditure per maund	0 6.6
Add cost of production	1 3

Sale price 1 9.6
11 11.496

Profit 0 1.896

J. L. JENKINS.

CHAPTER V.

THE SUPPLY OF SALT IN BOMBAY AND THE DECCAN.

1. The Committee have been directed to enquire into the arrangements for the supply of salt in Bombay and the Deccan, in consequence of the recommendation, submitted by the Government of Bombay in September 1903, that agencies for the sale of Baragara salt should be opened at Bombay, Poona, and Sholapur, in order to meet the unusual enhancement of the sale price of sea salt due to the temporary depletion of stocks. While according sanction to the course proposed as a temporary expedient, the Government of India considered that the facts reported indicated that the general question of the supply of salt called for investigation.

2. With the subject of the sale of salt at agencies managed under contract from Government, we have already dealt in the preceding Chapter, though mainly as regards Gujarat. Its application to Bombay and the Deccan scarcely calls for detailed discussion, since, so far as we can judge, the scheme will work out its own dissolution owing to the unwillingness of the people, for whose benefit it was intended, to consume the Baragara salt offered for sale. It has been already noticed that a similar state of affairs brought about the closure of the depôts for the sale of Kharaghoda salt at Surat and Broach, the inhabitants of which are accustomed to the use of sea salt. The dates of opening the three depôts and the sales effected at each up to the time of our enquiry are shown in the margin, and taken in conjunction with the prevailing high prices of sea salt, the figures indicate conclusively that no real demand for Baragara salt exists in this portion of the Presidency. The fact is valuable in considering any general question of the salt supply to these areas, as demonstrating that it is upon sea salt only that reliance must be placed. The question of renewing the term for which the agencies have provisionally been permitted will probably not arise.

Name of Agency.	Date when opened.	Date of enquiry.	Sales effected up to the date of enquiry.
Bombay	2nd Nov. 1903	11th Dec. 1903	Mds. 925
Poona	3rd " 1903	15th " 1903	114
Sholapur	2nd " 1903	16th " 1903	75

any general question of the salt supply to these areas, as demonstrating that it is upon sea salt only that reliance must be placed. The question of renewing the term for which the agencies have provisionally been permitted will probably not arise.

3. The immediate cause of the shortage of stocks experienced during 1903 in the areas supplied by Bombay sea salt, was the continuous and heavy down-pour of rain between the 20th and 25th of May of that year, which not only destroyed large quantities of salt in the works around Bombay, but by flooding the pans brought the season to an untimely end.* The total actual loss of salt was estimated at over 11½ lakhs of maunds, and this, combined with the cessation of manufacture, reduced the estimated balance of salt in hand upon the 30th June 1903 to 29 lakhs of maunds in comparison with 55½ lakhs on the corresponding date of the previous year. There being no possibility of a fresh local supply before the new crop of 1904 came into the market (say the middle of January), and the total demand between July 1903 and the end of January 1904 being estimated at over 27 lakhs of maunds, a serious depletion of stocks was to be foreseen, in anticipation of which prices rose considerably. The scarcity of salt which was experienced was, therefore, the direct sequel to unusual climatic conditions.

* Manufacture can ordinarily be counted upon to continue till the end of May.

4. The question before us is whether the salt supply of the Presidency (outside Sind and Gujarat) is normally so precarious as to afford no safeguard against an early exhaustion of stocks following upon any accidental interruption of one year's manufacture. In reality, however, the problem is of wider application.

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Area supplied.

Bombay Presidency.

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The records do not justify the conclusion that the Bombay excise system, as such, has proved a failure. The returns of prices of sea salt, after conversion of the market rates from measure to weight, and within a margin of error which detracts from their value, but they do not show any such process of salt would indicate a general insufficiency of salt for the production of such competition among manufacturers as to seriously disservice the consumer. Nor, for the most part, have violent general fluctuations been observed in the prices of the salt. The report of the year 1879-80 refers to a rise in prices to the consequent upon the decrease wrought by a cyclone. That of 1893-94 states that prices had risen considerably as the result of successive bad seasons; and we have the recent instance of 1903. Competition among the licensees is active, and under its stress, the market has generally been sufficiently supplied. The risk of an unforeseen interference with the supply must always exist in such a process as the production of salt in which climatic conditions play so large a part. Should such interruption occur, the calculations of manufacturers are upset; the producer protects his stocks by an enhancement of prices, and the consumer suffers proportionately.

7. Our conclusion, therefore, with regard to the shortage of stocks and rise in prices which occurred in 1903, is that a similar result may be expected under similar circumstances, whenever the supply of salt is derived under a system of unrestricted excise, but that so far such results have neither been so frequent nor so serious as to require a radical reform. Immediate hardship has no doubt been caused, nullifying in the most recent instance, for the effects of the recent reduction of the duty on salt, but it is disappearing with the arrival of the new salt upon the market, and the situation has not yet become acute. We would, however, add a word of warning as to the danger of indicating lines upon which action might advantageously be taken.

8. A feature of the Bombay salt

present day is the energy

Position of the salt works, the main distant
tenance of stocks, achieved, the circle of possible disturbance widens, should circumstances affect the supply. Moreover, there are indications that less consideration is ordinarily paid to the welfare of the consumer who is practically dependent upon the local supply, than to the more distant markets outside the Presidency in which the competition of other salts is encountered. We would therefore emphasise the necessity for the close scrutiny by the local authorities of the state of the reserve stocks of salt. Although it is impracticable without legislation to compel existing licensees to maintain reserves, we recommend that they should be given clearly to understand that Government is not prepared to allow the balances of salt in hand to continue at a dangerously low level solely to meet the convenience of the consumer. On the contrary, that it will be prepared to seek a remedy should representation be made. Action has, in fact, been occasionally taken upon the stocks, and with some result. Thus, after the year 1899, the dangerously low balance of a little over 4

Year.	Quantity of salt manufactured.
	Mds.
1894-95	22,70,008
1895-96	22,70,177

Revenue, by putting pressure upon the licensees and by the threat of new works should larger stocks be maintained, was able (with the aid of the Government) to maintain the balance at a level of two years of

manufacture well above the average. In 1900, however, the quantity manufactured again fell off, and the stocks dwindled steadily. Had it not been for the fact that the depleted stock of about 9 lakhs of mds at the end of the year 1899-1900 was made good in the following season by the return of a large output of over a crore of mds, the stocks might have reached a dangerously low level at an earlier date. In the years 1901-02 and 1902-03 the balance of salt in hand again declined, and there was little to befall the consumer when the season of 1903 produced a shortage. We are not aware of any attempt being made to urge upon the manufacturers the

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Establishment of works as a works. We
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* Ten years' figures

immediate proximity

Locality.	of works.	area outlet.
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Do.		
Do. Pen	1	20
Do. Ura	1	18
Total	20	6,43,97

* Ten years' figures on

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matter of argument, but a combination of the two presents many practical difficulties.

11. We would, however, strongly urge that upon the renewal of the present leases of the Government works mentioned above, the Government should be taken to introduce in them the system of modified excise. Earnest will thereby be given of the intention of Government in the matter, and experience will be gained, while although the total output from these works is not large, the quantity is appreciable. It is not necessary in order to influence the market that Government should be in possession of a large proportion of the year's supply. The mere knowledge of the existence of Government stocks will have a good effect.

If Government works were leased to excise licensees on the conditions suggested above, the results would be similar to those obtainable from private works under a system of modified excise, and a system of modified excise at the existing Government works and at any new excise works which may hereafter be opened, appears to us to offer the greatest probability of success in the event of any change in the existing arrangements being found necessary.

CHAPTER VI.

THE SUPPLY OF SALT TO THE NATIVE STATES OF TRAVANCORE AND COCHIN.

1. The system under which salt is supplied by sea from Bombay to the States of Cochin and Travancore has already occupied the attention of the Government of India upon more than one occasion. The present re-examination of the question is the outcome of a suggestion of the Government of Bombay that enquiry was desirable in order to ascertain whether under the existing procedure any danger to the revenue was involved, and, if so, what measures should be taken to place the traffic upon a satisfactory footing.

Letter of the Bombay Government, to the Government of India, No. 5907, dated the 29th August 1903.

2. The State of Travancore derives its supplies of salt (a) by importation from Bombay by sea; (b) from the local manufacture of sea salt; and (c) in one small isolated tract in the hills, by importation from Madras by land. The requirements of the Cochin State are entirely met by sea imported salt from Bombay. In both States the supply of salt is a Government monopoly, and both maintain central stores and outlying depôts from which the public are supplied.

The present arrangements are based upon agreements arrived at in 1865 between the Government and the two States, the general object of which was to free trade between British and Native territory from the restrictions of customs and preventive lines. As regards salt the intention was to secure to each of the contracting parties the revenue within its own territory by the adoption of similar rates of duty and sale price. As a complement to this arrangement, the States were to be supplied with salt from British sources on the same terms as those on which it was sent to other British Indian ports. At that time Bombay salt was consigned to Malabar and Canara free of duty, bearing only a charge of 3 pies per maund on account of local expenses. Imports on behalf of Government into Malabar and Canara ceased with effect from the year 1877-78, but duty free salt is still supplied to Cochin and Travancore at a nominal charge of 3 pies a maund.

Clause 13 of the Convention of 1865.—"The Cochin and Travancore States will adopt the British Indian selling price of salt, the rates at inland depôts being raised so as to place the salt of Cochin, Travancore and British India on the same footing in the market."

Clause 14.—"The Cochin and Travancore States will import British Indian salt on the same terms on which it is imported into British Indian ports."

The convention did not mention the local manufacture of sea salt in Travancore. There are no factories in Cochin. Both States have prohibited the production of earth salt.

Madras salt is imported by land from Tinnevely to Yellopetti, an outlying portion of Travancore, under conditions sanctioned by the Government of India in 1901. The salt is conveyed in sealed bags and is weighed on arrival, double duty being recovered in favour of the British Government on all short deliveries in excess of an allowance of 1½ per cent for wastage.

Government of India letter to the address of the Government of Madras, No. 2400 S.R., dated the 6th May 1901.

* Jan. 1st August 1902 to the 31st July 1903.

	Cochin.	Travancore.
	Mds.	Mds.
Duty free salt from Bombay paying a charge of 3 pies per maund.	1,79,746	5,02,077
Salt locally manufactured	NH	1,73,260
Madras salt.	NH	385
Total	1,79,746	6,75,262
States.	Population by census of 1901.	
† Cochin.	8,12,025	
Travancore.	29,52,137	

The quantities of salt supplied yearly to each State on the average of the five years ending 1908 *Malayalam Bro** are shown in the margin. The average annual consumption during the same period was 1,73,131 maunds in Cochin, and 6,78,087 maunds in Travancore, giving an average of 17.06 lbs. and 16.37 lbs. per head respectively, calculated upon the population† of 1901.

3. Objection has been taken to the system under which salt is supplied to these two States upon two main grounds. It has been alleged that the conditions under which salt is carried there are so defective that danger arises to the interests of the British salt revenue in the districts of the west coast which are passed by the carrying vessels *en route*. This view is based upon certain conditions which the Bombay Government consider essential to the efficient management of their sea salt factories. These are, either that duty shall have been paid on all salt before it leaves the works, or that any salt, upon which duty has not been prepaid, shall be conveyed in steamers or square rigged vessels of not less than 300 tons. It is stated that the issue of duty free salt for transport by sea is peculiarly likely to lead to malpractices, since the smaller pecuniary value of the cargo lessens the deterrent effect of the risk of confiscation. Further, the natural conformation of the west coast, which is indented with numerous creeks navigable for boats of small tonnage, renders it necessary in order to prevent smuggling that non-duty-paid salt shall not be carried by country craft capable of creeping down the coast and touching anywhere. These considerations led to a notification enjoining the compulsory prepayment of duty, issued with effect from the 1st October 1874, and to the enactment of the "Transport of Salt Act, XVI of 1879." Under special orders of the Government of India neither of these provisions is enforced in the case of Bombay salt exported to Cochin and Travancore by sea. It is to this exception that the Government of Bombay took objection.

Bombay Gazette of the 3rd September 1874, Part I, page 723.

Government of India letter to the address of the Government of Bombay, No. 238, dated the 30th August 1870.

Government of India letter to the address of the Government of Bombay, No. 1945, dated the 8th March 1881.

4. During the discussion of the general question of the supply of salt to these States, a second set of considerations, essentially different from the first, was introduced. Looking to the population of Cochin and Travancore it was suggested that the average annual rate of consumption of salt per head was so abnormally large in comparison with that recorded in other parts of India, as to raise the suspicion that a considerable portion of the salt consigned to them from outside or manufactured locally (in the case of Travancore) must find its way into British India to the detriment of the revenue. The remedy proposed was that the States should be required to prepay the duty on all salt imported by them from Bombay, an allowance being made in compensation up to a fixed maximum limit calculated on the duty at an assumed rate of consumption per head of the population; or in a subsequently slightly modified form, that a maximum limit should be fixed up to which the States should be allowed to import salt duty-free, any additional importations being subject to the prepayment of full duty at Bombay. On the other side, arguments were adduced explaining the large consumption of salt by the people of Cochin and Travancore, and combatting the allegation of the extensive smuggling of salt from the States into the adjoining British districts. Measures were eventually taken to ensure a stricter control over the local manufacture of salt in Travancore, but no change was made in the system of the supply of salt from Bombay by sea.

The rate of consumption of salt in Travancore and Cochin.

Letter of the Government of India to the address of the Government of Madras, No. 10, dated the 3th April 1882.

Letter of the Government of India to the address of the Government of Madras, No. 303, dated the 22nd January 1883.

5. With this second aspect of the question we do not now propose to deal. It is not alleged by the Madras Government that serious smuggling of salt from Cochin and Travancore into British territory is carried on, and there is no need, therefore, to again go over the various grounds which have at one time and another been adduced in order to account for the large consumption of salt in the two States. The reference therefore narrows itself to the question which particularly affects the Bombay Government, namely, whether the duty free salt exported from their works is secure during its transit by sea.

It is to be noted that the estimated consumption during 1901-02 was 19.89 lbs., and during 1902-03 was 17.23 lbs. per head, in the adjoining British district of Malabar.

6. The States of Cochin and Travancore employ contractors for the supply

The port of Goa as affecting the danger of smuggling.

of salt who make their own arrangements for the purchase of the salt at the Bombay works, and undertake to deliver it at a fixed price at certain ports. Upon all differences between the quantities reported to have been issued from the works in Bombay and those delivered, the contractor is required to pay full duty to the State. The special element of danger in the transport of unexcised salt down the west coast lies in the situation of the foreign port of Goa on the line of route. The fraudulent landing of duty-free bags is possible almost anywhere along the coast, but the certain detection of vessels arriving with deficient cargoes is only a matter of efficient supervision over the landing of the salt. The Bombay Government, however, have for long apprehended that any shortage in a consignment due to smuggling on the way might be made good by loading up with Goa salt, either taken from fishing boats met at sea by preconcerted agreement, or surreptitiously placed on board a vessel touching at a Portuguese port. Consequently, when the Transport of Salt Act became law in 1879, the Local Government proceeded to enforce its restrictions upon the vessels carrying duty-free salt to Cochin and Travancore. Remonstrances from both States, supported by the Government of Madras, at once ensued, regarding which the Government of India, after enquiry, summarised their conclusions as follows:—

"In his letter of the 29th March 1879, Mr. Pritchard reported that free salt shipped at Bombay was smuggled ashore *en route* and replaced by unexcised salt from foreign sources. * * * If * * * the objection had ever any force, which the Government of India doubts, it has lost much of such force under the altered relations of the British Government with the Government of Portuguese India. * * * Even if salt from Goa could still find its way untaxed to a smuggling vessel, it could not be mixed with Bombay salt without risk of detection in consequence of its very different appearance; and being practically unsaleable in Travancore and Cochin its admixture with Bombay salt would, it is believed, be at once detected there and brought to notice by the officials of those States."

In their orders, which have been already referred to (paragraph 3), exempting such duty-free salt in transit to Cochin and Travancore from the requirements of the Transport of Salt Act, the Government of India further remarked, among other reasons for doing so, that "now that the Goa Salt Works are placed under the control of the British Government the risk of loss to British revenues must be small."

It will, therefore, be seen that the treaty of 1878 between the British and Portuguese Governments, giving to the former the supervision of the Goa salt works, weighed with the Government of India in their decision that the special restrictions of the Transport of Salt Act were in this case unnecessary, and it is the fact that this treaty expired in 1892, since when all British control over the manufacture of salt in Portuguese territory has ceased, which justifies the re-opening of this question.

7. In order, however, to furnish a basis for an alteration of arrangements

The conditions under which smuggling could be carried on.

which certainly meet the convenience of the two States, and their part in which, so far as can be gathered, they have loyally carried out, it seems to us to be necessary not only to show that opportunities for smuggling exist, but that there is some strong ground for believing that they have been made use of. The first proposition may be admitted; the second demands some proof that vessels carrying duty-free salt often arrive with cargoes which are unreasonably deficient or are suspected of having been mixed with Goa salt: or again that boats have been caught with some frequency in the act of smuggling salt ashore.

As regards the possibility of fraud by short delivery at the port of arrival, the balance of the unexcised salt having been got rid of in British territory *en route*, it cannot be to the interest of the contractor to resort to such a malpractice. Under the terms of his agreement he is bound to pay full duty upon all salt short-landed, and although this penalty is payable to the Durbars while the loss by any smuggling that there may be is to the British revenue, there is

no reason to suppose a wanton desire on the part of the contractor to injure the latter at no personal profit to himself. If therefore the smuggling is on behalf of the principal, it can only be as a preliminary to replacing the shortage by foreign salt. But the principal may be the victim of the servants in charge of his boats, who obviously profit by any portion of the cargo which they may make away with, whether the deficiency is subsequently made good or not. In the prevention of fraud of this class the interests of the British Government and of the contractor are identical, and his co-operation may be relied upon for its detection. But we understand that consignors of cargoes of all kinds by country boats do frequently suffer at the hands of the crews, and the risk of smuggling of this kind no doubt exists. Nevertheless it is probable that malpractices on an extensive scale could only continue with the connivance of the State contractor for the supply of salt, and the substitution of foreign salt for unexcised salt abstracted would necessarily accompany them.

8. In the course of the previous discussions of the subject it was held that

Wastage upon salt in transit by sea.

a wastage of 2 per cent was a reasonable allowance upon salt in transit between

Bombay and Cochin and Travancore, and this we certainly do not regard

Enclosures to the letter of the Government of Madras, No. 1032, dated the 6th July 1881, to the address of the Government of India.

as excessive. The maximum wastage permitted on salt carried from Bombay to Malabar is 5 per cent. So far as we could

judge by personal inspection at Mallapuram (the port of Cochin), the arrangements for landing salt and for its weight into store were efficient, and this was the opinion of Mr. Merriman, an officer of the Madras Salt Department who investigated the question in 1900, as regards Alleppey also. The greater part of the imports into Travancore pass through Alleppey.

From the statistics of consignments and deliveries supplied to us by the two States (*vide* Appendix VIII) it appears that, on the average, during the ten Malayali years ending the 31st July 1903, the short deliveries upon the average annual shipments of 1,72,082 maunds of salt from Bombay were 5,400 maunds, or 3.13 per cent, in the case of Cochin, and 12,636 maunds, or 2.82 per cent, on shipments of 4,48,061 maunds to Travancore. The short deliveries are not excessive. A detailed examination of the shipments by each vessel, which we have made for the three years ending 1078 M. E., only reveals 6 cases in the case of Cochin which give *prima facie* ground for suspicion. The Superintendent, Mr. Brown, an officer of the Madras Salt Department lent to the Cochin State, was disposed to accept the explanations of jettison and leakage in the two most important cases in which 494 and 124 maunds respectively were lost; the four doubtful cases involved very small amounts. In Travancore some bad cases appear to have occurred, notably one in October 1903 in which 1,423 maunds were short-landed out of a shipment of 4,320 maunds, and the allegation of a storm encountered off Goa during which the cargo was jettisoned to that extent was not corroborated by the weather reports of the dates concerned.

The facts ascertained would seem to show that suspicious instances of short delivery have occurred in which the only reasonable explanation is that the salt lost must have been smuggled ashore *en route*, but that such cases are not numerous looking to the total number of shipments.

9. The above figures have reference to consignments actually found short on

The smuggling of salt from Goa.

arrival, but there is the further possibility of deficiencies being made good by picking

up Goa salt off the Portuguese coast. As regards this contingency, the mere replacement of a bag of smuggled salt by a bag from Goa, as already noticed by the Government of India, would be so easily detected upon arrival owing to the difference in the appearance of the salts, as to be impracticable, unless the officers supervising the discharge of the salt could be won over. In order therefore to ensure the success of this manoeuvre, it would ordinarily become necessary to mix the foreign with the licit salt, but we are disposed to regard the physical difficulty of doing this upon a small and heavily laden boat, as likely to be a guarantee that the practice cannot be resorted to upon any large scale. Again the evidence of Mr. Merriman is relevant, and he after "diligent search" was unable to detect among the stored stocks at the ports of landing any sample which he could confidently state to be Goa salt. It is true that he adds that among the large heaps in dark sheds such salt may have passed unnoticed, but

we have the statement of Mr. Brown, who has been Superintendent at Cochin for four years, that he had discovered no introduction of Goa salt among Bombay consignments, although, during the first three years, it was his duty to personally examine the quality of each bag, and during the fourth year, the quality of the deliveries as a whole. Direct evidence of resort to this form of malpractice is not therefore forthcoming.

10. As regards the actual detection of cases of smuggling, etc., it is, of

Statistics of cases of smuggling.

course, probable that all instances do not come to light, but since it is claimed that the preventive arrangements are on the whole efficient, the cases seized ought to bear a fair proportion to those which occur. As a matter of fact, very few cases have been seized. In the Bombay Presidency there have been only five such instances in the last fourteen years, the most serious case being one on the Ratnagiri coast in 1899 when upwards of 2,000 maunds of salt were confiscated. In Madras, the statistics of seizures do not distinguish between nominal duty and other salt.

11. We do not therefore consider that any case has been established requiring

Feasibility of the adoption of steamer carriage.

the strict enforcement of the provisions of the Transport of Salt Act, which would necessitate either the prepayment of duty on salt removed from the Bombay works, or its subsequent shipment down the coast in steamers or square rigged vessels of not less than 300 tons, but we have considered the possibility of the States themselves agreeing to adopt carriage by steamer as more regular, reliable, and expeditious, than the country boats at present

* Freight	a. p.	
Loading charges at Bombay	1 5	
Landing charges at Mallapuram	0 8	
	0 3	
	2 4	
† Freight	2 1	
Loading charges at Bombay	0 8	(Assuming the same rate as in the case of native craft. It would probably be more.)
Landing charges at Mallapuram	1 0	
Carriage to weighing shed	0 1	
Insurance	1 4	
	5 2	

would not be of particular advantage to them. Their existing godown accommodation would not be equal to housing the larger shipments which steamers would bring, and it suits them better to receive their supplies at more frequent intervals between November and April. Again, in the case of Travancore, steamers would only land salt regularly at Alleppey and occasionally at Quilon and Trivandrum. With country boats cargoes can be taken to Manampam also, and the abandonment of this port would add to the cost of subsequent distribution inland. The Dewans of both States object to the suggested change on the ground of the greater expense and inconvenience involved, and their objections are well founded.

12. The net result of our enquiries leads to the conclusion that it is desirable

Conclusion.

on the whole to leave matters as they are. It is to be noted that since the previous discussions of the subject, the precautions adopted against smuggling have been rendered stricter in two important respects. Licit importation of Goa salt into British India by sea is at present impracticable, and boats carrying duty-free salt to the States from Bombay have been forbidden to touch at intermediate ports, and commit an offence if they do so. Both measures tend to render easier the detection of illicit dealings. Another improvement, which we suggest might be commended to the Government of Bombay,

is the use of sealed and specially marked bags for salt consigned to Cochin and Travancore. This would render it more difficult either to open the bags or to substitute others. The States on their part, should be pressed to take action on the lines of section 167 (17) (20) of the Sea Customs Act, 1878, against the *tindals* of the importing vessels when shortages are not satisfactorily accounted for.

13. In acquiescing, however, in the continuance of existing arrangements,

Need for continued efficient supervision.

we would observe that this recommendation is conditional upon the States continuing to maintain the same efficient supervision over the landing of salt as exists at present. Should laxity of procedure be permitted at the ports of importation, the circumstances of the case would be materially altered, and while there is no immediate reason to suppose that such will be the case, the point is one to which the attention of the local officers may well be directed.

CHAPTER VII.

PROPOSAL THAT THE RETAIL SALE OF SALT BY WEIGHT SHOULD BE MADE COMPULSORY BY LAW.

1. The proposal which has been referred for our consideration is that

Scope of the reference.

Letter of the Government of Madras, No. 229 Rev., dated the 2nd March 1905, to the address of the Government of India.

A similar recommendation was submitted by the Government of Madras in 1894, and was then negatived by the Government of India, but the question has a longer history within the Presidency itself, the course of which it appears desirable to examine.

2. The earliest advocate of the compulsory sale of salt by weight in Madras seems to have been Dr. Ralton, who raised the question in the belief that heavy salt was synonymous with good salt and light salt with bad, and that sale by weight would therefore conduce to the manufacture of a superior article. The Board, however, were not then prepared to support the remedy proposed, and held that they did not see how they could interfere with the retail dealers. "To attempt to regulate such a matter by law would be misunderstood and would lead to all sorts of complications." This conclusion was accepted by the Local Government of the day and was confirmed after a general reference to district officers.

Proceedings of the Board of Revenue, No. 1809, dated the 18th July 1874.

The question next arose in 1882, the immediate cause being the difficulty which was experienced in disposing of the heavier salts manufactured, and Mr. Bliss reverted to the suggestion that "for the protection almost as much of the trade as of the consumer" all sale of salt by measure should be prevented by law. On this occasion the Board, with one dissentient, held that the earlier decision of 1874 should be modified, on the ground that under a specialised Department they had since acquired further knowledge of the salt business.

It will be seen from the following extract from the Board's proceedings of 1882 that the idea of a necessary connection between light and inferior salt was still present, but that other arguments were also introduced:—

"The proposal that an enactment be passed rendering it obligatory on all dealers to sell salt by weight instead of by measure, is one which, for the following reasons, strongly commends itself to the Board. It does not admit of doubt that the existing practice by which the commodity is purchased from Government by weight and retailed to the consumer by measure, affords to those engaged in the trade the means of unduly enriching themselves at the expense of the retail purchaser. The possible advantage derivable is shown by the result of a series of experiments made some years ago in the Board's Office, from which it appeared that the weight of salt for a given volume varied not less than 37 per cent.* Thus it is to the dealer's interest to buy from the depôts salt of the lighter and usually inferior descriptions with a view to the enhancement of his profits upon his retail transactions with consumers who purchase from him by measure. Nor is this all. The Board have reason to believe that by combination amongst traders, distant places are at times left with only a short supply of salt, while merchants are waiting to make purchases at the depôts until heaps of the kind they require are opened for sale, or until a rise in price at the local market, resulting from low stocks, enables them to sell such heavy salt as they may have on hand at not less profit than the lighter article. The demand for light salt is always in excess of that for salt which is comparatively heavy, and consequently one depôt is exhausted while another is avoided and becomes over-stocked. If, however, selling by weight were made compulsory, the demand on the various pats would be equalised and each *kotar* would supply, as it should do, its immediate neighbourhood to the benefit of the consumer, who, in many cases, would be required to pay less for carriage than under the present system whereby the commodity is often conveyed to him over an unnecessary distance. The proposed law, if brought into force, would moreover be advantageous in enabling the Government to

put forward by the Government of Madras in 1903, that legislation should be undertaken in order to render the sale of salt otherwise than by weight illegal.

* Vide Appendix A of the Report of the Madras Salt Commission, 1875.

overcome the difficulty, hitherto insuperable, of finding a market for spontaneous salt, Nature's own production, which is at the same time the cheapest to Government and the best for the consumer.

Apart, however, from the distinct advantages which sale by measure offers to the dealer who buys by weight, the former method affords undoubtedly additional facilities for underhand practices."

The view adopted by the one Member of the Board who recorded a minute of dissent was that any legislation in restriction of legitimate trade was undesirable; that to buy by weight and sell by measure was in nowise illegitimate; that no outcry had been made by the consumer who presumably therefore had no grievance, and that there was no pretence that he was cheated since he paid the market value of what he bought and got his money's worth.

The Government again declined to entertain the proposal for legislation, observing that "the proper remedy for the evil effects dwelt upon, is to improve the quality of the article wherever it is light and inferior and thereby make it in all localities as far as possible uniform." In 1885 they again refused to discuss their previous decision.

By this time, however, the view that a heavy salt was necessarily better in quality than a light salt had been disputed, and as a valid argument in favour of compulsory sale by weight it was discarded by the Board after the finding of a Committee, which sat in 1887, to the effect that the theory, if not absolutely erroneous, required to be somewhat more guardedly stated. In the course of a review of the report of this Committee and of the position of their salt administration generally, the Government of Madras put aside the suggestion to render sale by measure penal mainly on the ground that an improvement in the quality of the salt would not necessarily follow, but they remarked at the same time that "the great objection to requiring weight in retail transactions is not one of principle, involving any question of freedom of trade, but of expediency, the rule being one difficult of enforcement in retail transactions in the village markets throughout the Presidency except with a great amount of inquisitorial interference and risk of oppression."

Proceedings of the Madras Government, No. 255, dated the 12th April 1888.

3. Up to this stage, therefore, it may be said that the proposal to legislate with a view to enforce the sale of salt by weight had been considered mainly in its aspect as improving the purity of the supply, an argument which seems to have weighed with the Government of India when in their letter No. 2380, dated the 7th May 1887, to the address of the Government of Madras, they enquired whether there would be any practical difficulties in the way of substituting weight for the measurement of salt. Latterly arguments had been brought forward, based upon the undue profits derived by the trade from the sale of light salt by measurement and the sacrifice of the consumer's interests thereby involved. After having been originally negatived both by Government and by the Board, the recommendation received the support of the latter. Government, however, continued in opposition to it, influenced mainly apparently by the disproof of the theory of weight as a necessary condition of purity, but foreseeing also other administrative objections to the proposed change.

4. A new element was now, however, introduced into the discussion. In 1888 the Government of Madras came to the conclusion that the action, taken as the outcome of the report of the Madras Salt Commission of 1876 towards the substitution of an excise system of salt manufacture in place of the previously existing monopoly, had not yielded altogether satisfactory results, and with the approval of the Government of India decided to resort to a conjoint system of excise and Government work. Various reviews of the state of affairs followed, and in 1890 when discussing means of cheapening salt, the Board referred to the successful efforts of Bombay traders to supplant Madras salt; to the intrusion of Bombay salt the Southern Mahratta Railway into Bellary and Mysore; and to the fact that it had "even invaded Bangalore." It was stated that whereas Madras measured 19 to 21 measures to the maund, the specially prepared Bombay excise works ran from 22½ to 25 measures, and it was ob-

The early competition between Bombay and Madras salts.

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"gross fraud is thus perpetrated on the consumer." In summing up the case Board wrote as follows:—

"Weighment is the only fair method of levying the tax, and measurement is maintained solely in the interests of the trader who, as usual, abuses the advantage. In view of the various legislative expedients which have to be resorted to to protect the consumer in England from the artifices of tradesmen, the Board is able to see little force and even less justice in the argument which has been started against the proposed change to the effect that the Indian purchaser ought to be able to protect his own interests and that trade relations must be left to mutual adjustment. Experience has abundantly shown that neither thing happens. The consumer, who in this instance is the tax-payer also, and who in that capacity ought to be the peculiar care of the Government, is, as a fact, left entirely at the mercy of the trader and the bazaarman, and it is abundantly clear that the incidence of the excise duty on salt is thereby rendered capricious and unequal. The worst of it is that it is precisely the class of the population who from their position are least able to protect themselves, namely, the inhabitants of districts inland, who suffer most severely from this cause, and who must always pay dearest for their salt under any circumstances."

The remedy urged was "the speedy adoption of legislative action," but the orders of Government, which are quoted below, were again unfavourable to that course:—

"This proposal was deliberately considered and negatived less than three years ago, and there appears to be no reason for reconsidering the decision then arrived at. His Excellency the Governor in Council is of opinion that the idea of imposing upon salt traders by legislation a particular method of selling salt, cannot be entertained. As regards the competition of Bombay salt which, though seemingly cheaper, is really dearer than the heavier but purer Madras salt, the Government considers that the consumers will find this out in time, and that Madras salt will then regain the ground which it has lost. Any interference of the kind proposed by the Board would induce evils greater than those which it would remedy."

The Board, however, returned at intervals to a condemnation of what was described as "the vicious practice of sale by measurement in the local bazaars which also enables the trader to levy an illegal tax on the consumer by cheating him," and in 1893 in particular they reiterated their proposals for legislation, observing that "the evil has now arrived at an acute stage because the salt of the East Coast cannot compete with that of Bombay in the race for lightness."

Proceedings of the Madras Board of Revenue, No. 68, dated the 15th February 1893.

consideration of a representation from

Letter of the Government of Madras, No. 137, dated the 16th February 1894, to the address of the Government of India.

5. The prominent feature therefore of the discussion in its second phase was the competition of Bombay light salt,

* Writing in 1893, the Board observed:— "The difficulties attending light versus heavy salt, resulting from the action of Government in regard to the proposal of the Board to prohibit by law the sale to the consumer by measurement, came into prominence in 1890 owing to successful competition by Bombay. This introduced great complications."

view that legislation was "the only complete remedy for the inequality of taxation upon which the Board has laid so much stress," and recommended that the sale of salt in retail transactions by weight should be made compulsory by law.

Moreover, they urged, "it will tend to encourage the manufacture of heavier salt which is generally though not necessarily purer, and will enable the Commissioner to overcome the difficulty, hitherto insuperable, of finding a market for an exhaustible supply of spontaneous salt which is available in this province."

already mentioned, the Government of India declined to undertake the legislation proposed, and in so doing they commended to the consideration of the Government of Madras the desirability of ascertaining whether Madras salt, if manu-

instead of heavy, could not hold its own in the competition.

6. The suggestion was one which had been anticipated by the Madras Government, and as early as 1893 experiments were made to ascertain the feasibility of producing light salt consistent with chemical purity.

The results of 1893 were held to have contributed no information of value, and from the continued experiments of 1894 (conducted in 19 factories), the Board were "unable to draw any useful inference," the want of interest in the operations on the part of subordinates having apparently prevented the preparation of any useful record of ascertained facts. The action taken during the season of 1895 towards the making of light salt was reported "to have proved as unproductive of results as that of the previous year." In 1896, the experiments seem to have been mainly confined to the sifting of salt before storage, and yielded no results which it was thought necessary to report to Government. No trials were made during the years 1897 and 1898; and writing in 1898 the Board observed that they "saw no way of producing as light salt as Bombay does, except by the abandonment of restrictions which in its view are essential to the protection of the revenue."

So far, however, operations appear to have been upon a limited scale and of an experimental character; but during the five seasons 1899—1903, the Board actually endeavoured to place the product upon the market, and we quote below the reasons of Government (Sir H. Bliss dissenting) for ordering this to be done:—

"The first question is whether it is not time to devise means to produce light salt in the factories in this Presidency. On a careful consideration of the question, His Excellency in Council has arrived at the conclusion that such a course is desirable. It may be argued that inasmuch as both Bombay and Madras salt are charged with the same rate of duty, which is wholly an Imperial item of revenue and not a Provincial receipt, it makes no difference which salt is consumed in any given part of the Presidency. It is true that the successful competition of Bombay salt will, so far as the Provincial revenues are concerned, have no effect, but the Government considers that in the interests of the salt manufacturers of the Presidency who have invested large sums of money in the business, it is proper to see that they are not placed at a disadvantage as compared with the salt manufacturers of Bombay, and that suitable measures are adopted to enable them to obtain a fair share of the trade and so ensure sound and wholesome competition. It is also argued that the production of light salt will increase the cost to the consumer as under the system of sale by weight to the salt merchants and by measure to the public, the merchant will make an undue profit at the expense of the consumer. This argument is no doubt true to some extent, but the consumer may be trusted to take care of himself and to know what he wants. From the increasing consumption of Bombay salt it must be inferred that he wants what he does not get from the Madras factories, namely, light salt. Hence if the existing methods of manufacture remain unaltered, the only result will be that the traders will continue to derive their profit, but if no light salt is produced in this Presidency the profit will go to the traders in Bombay. The so-called merchants are also themselves virtually the consumers in a very large number of instances, for the salt and grain retail trades are very often combined and much of the salt which passes into consumption does so by pinches thrown in with the grain sold. It has also to be remembered that the factories should meet their market and produce the article which is in demand. In this view the preference that is shown for the light salt of Bombay points to the desirability of adopting some such methods of manufacture as those in vogue there, so as to produce a lighter variety of salt suitable to the taste of the consumers."

7. An abstract of the results achieved during these years will be found in Appendix IX. The trial was confined to five factories. In the Attiput and Vallur factories in the Eanore Circle (which are near to Madras), the experiment was continued for four years out of the five; in two of the other three factories it was worked for three and two years respectively; and in one, for one season only. In the course of the five years 4,87,746 maunds of large grained sifted salt, 21,42,247 maunds of small grained residue, and 4,02,024 maunds of unsifted light salt were turned out at a cost varying from 1 anna 10.7 pices to 3 annas

6.2 pies per maund. The maximum number of Madras measures to the maund obtained was 34½ and the minimum 21. Various difficulties, however, attended the experiments. Thus it was not till 1901, after the deputation of an officer of the Department (Mr. Merriman), that it was fully known what the Bombay processes actually were, and even in that year various departures from the Bombay practice were made. During the four earlier years sifting was through one sieve only, and in 1903 it was abandoned altogether, while the reports of different years contain references to difficulties with the brine supply and in inducing the licensees to prepare the beds properly and to rake.

But it was in disposing of the salt produced that the greatest obstacles were encountered. As regards the large grained salt, recourse was had to sale by departmental agency; through the Madras Railway Company at their stations; by dealers stipulating to dispose of the salt within specified areas, namely, Erode in the Coimbatore District and the country to the westward, in the Ceded Districts, and in Mysore; and by ordinary and auction sales. The object in view was to gain a footing for the salt in areas where it would compete with salt imported from Bombay. The sales by the officers of the Department were on a small scale only. The Railway Company disposed of the Ennore salt of 1900 which was made over to them, at rates specially reduced below cost price,

Board's Resolution No. 4342, dated the 17th December 1903.

the Board observing that they "thought it best to lose money at first so as to create a taste for Madras salt in places hitherto supplied from Bombay." The prices charged were reported to have been Rs. 6-1-10 and Rs. 6-3-4 per bag (2 maunds), at Coimbatore and Bangalore respectively, as against Rs. 7-4 per bag for Bombay salt at either place. At Coimbatore, the Ennore salt was said to measure 47 local measures to the bag as against 49 of the Bombay salt; at Bangalore, the Madras salt measured 80 local measures to the bag as against 84 measures in the case of Bombay salt.

An attempt to dispose of the Ennore salt of 1901 through the Railway Company, on terms substantially the same as in the previous year but at a price sufficient to cover the cost of production plus commission to the railway, failed. The salt, as it was reported, could not be sold owing to the presence in the market of large quantities of Bombay salt, with which the Madras salt, which was inferior in measurement, could not compete at the price fixed—Rs. 6-6-0 per bag at Coimbatore. Some difficulty having apparently arisen with regard to the terms, the Railway Company abandoned the experiment.

Sales through contractors met with more success, but even they appear to have found great difficulty in disposing of the salt made over to them, as their reports on the results of their sales up to the end of 1902 were stated to be "not very encouraging." Salt of the Sevandakulam extension manufactured in 1900 was offered on the west coast in Malabar and South Canara at 9 annas a maund, but found no purchasers; a reduction of price to 6 annas got rid of a small quantity only, and the greater part eventually found its way to the fish-curing yards. The Bombay salt in the market which rendered this salt unsaleable does not appear to have had any marked advantage in the matter of lightness. The Madras salt as originally manufactured was stated to have measured from 56 to 61 Madras measures to the bag (2 maunds). From papers submitted to the Committee by Mr. Sherman, Assistant Commissioner of Salt Revenue at Calicut, it appears that the Inspector of the Punani circle reported on the 29th December 1900, that the Sevandakulam salt received there measured 24 Madras measures to the maund, and that the Bombay salt (price Rs. 6-4 per bag of 2 maunds inclusive of the gunny), measured the same. In January 1902, when it was found to be unsaleable, the Madras salt was reported by Mr. Johnston, the Inspector at Calicut, to measure from 51½ to 52 Madras measures to the bag (2 maunds); and the fresh Bombay salt then entering the market was said by the Assistant Commissioner, in a report dated the 17th February 1902, to measure from 52 to 62 measures to the bag. The Madras salt had by this time been for some time on sale and had passed through the monsoon of 1901; consequently it did not show the original measurement. The inability of this salt to find a sale, when first landed on the West Coast in the cold weather of 1900-01, was apparently due

rather to its inferiority than to any marked difference in measurement as compared with Bombay salt.

The small grained salt produced in the Ennore circle was not sold separately but was mixed with the ordinary salt manufactured, thus rendering, as it was reported, the whole less saleable. In the other factories it was only disposed of at specially reduced rates.

8. The opinions as to the degree of success attending the experiments varied during their progress. After the results of the manufacture of the seasons of 1899 and 1900 the Board were of opinion that "there is no doubt that Madras can produce salt which will compete successfully with the Bombay article," but in 1901 the experiments at Ennore (the most important centre) were not considered on the whole to have been successful, and the difficulties in effecting satisfactory sales were becoming prominent. Similar conclusions in a more definite form followed from the working of the experiment during the year 1902, and the remarks of the Board on the subject are reproduced below:—

"The Board succeeded in making a considerable quantity of very marketable salt, but the old difficulties still prevented effective competition with Bombay. These are the increase in cost involved by preventive measures which are considered essential to the protection of the revenue in Madras, but are not observed in Bombay; the crushing effect of storage on the Madras system, the difficulty of disposing of the refuse, and most important of all, the impossibility of keeping Madras large grained salt on the market when a regular supply cannot be guaranteed. The Board has no hesitation in reporting that the experiment is a failure, not because large grained salt cannot be made, but because it cannot be made in sufficient quantities to effectually oust Bombay salt without great loss. This is because the small grained salt is unsaleable in large quantities and will have to be destroyed. If the small grained salt is destroyed at the factories, the cost of the large grained will be so greatly enhanced that it will be impossible to sell it at a profit. It is possible years hence that a market might be found for the small grained salt, but in the meantime if manufacture upon the Bombay methods is continued, it must be either upon a merely experimental scale or it must be at a steady loss."

In the hope of avoiding these difficulties in disposing of the small grained salt, the process of sifting was abandoned in February 1903, but after the conclusion of that season's operations the factory officers recommended the discontinuance of the whole experiment in view of the fact that there was very little difference between the measurement of the salt produced by Bombay methods and that produced under the ordinary system. Difficulty too had been experienced by the licensees in keeping the brine at the required depth, admission by gravitation as in Bombay being impossible in Madras. The Board, however, were disposed to favour further trial of the manufacture without sifting, and to this course Government agreed.

9. In the meantime in March 1903, the Madras Government approached the Government of India for the second time with proposals for the legal enforcement of the sale of salt by weight, and the reference of the question to the present Committee followed.

The most recent aspect of the question therefore has been characterised by the continuance by the Government of Madras, at the suggestion of the Government of India, of experiments which they had already undertaken for the production of light salt, with the express object of competition with the importations from Bombay. First, on a small and tentative scale, and latterly, on a larger commercial basis, the attempts in their complete form (inclusive of sifting) were held to have failed; with the important omission of sifting, they are still continuing. Finally, the Government of Madras returned to the remedy of the prohibition of the sale of salt by measure to which the Board of Revenue had recurred at intervals as the only satisfactory course to be pursued.

10. It will be seen, therefore, that even in Madras the practical difficulties surrounding the proposal have been clearly recognised, and it was not, in the first instance, until the competition of Bombay

Board's Resolution No. 308, dated the 27th January 1903.

Board's Resolution No. 3191, dated the 31st December 1903.

Submission of the most recent proposals for legislation.

Letter of the Government of Madras, No. 229-Rev., dated the 2nd March 1903, to the address of the Government of India.

increasing competition had proved unsatisfactory, that

was

the

The Madras factories themselves produce salts of

and the argument in favour of the lighter grades from Bombay.

It seems, however, to us to be clear that it is

submitted are in the instance designed to by the state of affairs or

impossible in the time disposal to in

for the proposal which has been referred for our con-

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within

Mysore and Coorg

Madras Pres

Bellary and Anantapur

Karnool District

Coimbatore District

Salem District

It will be seen that Bombay salt has very largely displaced Madras salt in Mysore and Coorg. In other areas the competition is still active. The increased consumption of salt in

noticeable. Another noteworthy feature in the statistics is the increase in

Provinces. Since the opening of the Madras Salt into the Central Provinces. Since the opening of the Madras Salt into the Central Provinces. Since the opening of the Madras Salt into the Central Provinces.

The for home and inland consumption from 1 maunds

is reported to

and partly by measure. In the Raipur district sale competition is in our very in

Except in an an of our on, the has evidently displaced a corresponding quantity

of communications and the in determining

consumption of different varieties of salt, than any considerable lightness or heaviness.

12. On no occasions upon which the Government of Madras have proposed that the sale of salt by weight should be made compulsory

arguments adduced have been of a general character. The competition of Bombay and Madras salts is only

of 1894, and is not directly touched upon in the letter of 1903. Taking

reference, it is represented that since salt

by measure, cares only for a light, flaky, spongy or big grained crystal which packed in bulk includes more empty than a solid or

small grained salt. Hence it is sought to the the propositions:—

(a) That the purchaser of light salt by measure gets for his money less chloride of sodium than if at the same price he purchased a

empty space to be sold as salt, the consumer is a victim of a fraud against which he is

The preference is on the part of the consumer who is ignorant and has no choice.

It is not the public convenience that is in question; the public gets salt anyhow; the point is that they get it

in the way it suits the trader to sell it to

and of the sort that yields him the most profit

of the intrinsic value of the article."

(b) That the sale of light salt increases the cost of salt to the consumer without any increase of the duty to Government.

The legal prohibition in the measure.

13. Were the question merely one of the academical definition of the best method of retail sale, we agree that it

would be reasonable that salt should be

dis

standard as that by which the duty upon it is fixed, whether that standard be one of weight or measure. The element of

effect upon the sale price of salt, that it is upon which the duty is assessed should be in direct relation to that by which the

salt is sold to the consumer. For example, the correspondingly smaller price

which should be asked for a seer or chitak, if a remission of eight annas per maund be made in the duty, is calculated more easily than can be possible when the standard of sale is a measure of varying capacity. In proportion as it is easier, the greater is the likelihood that the benefit of the lower duty will reach the consumer.

It is also undoubtedly the case that *granted equal purity of the two descriptions of salt*, a measure of light salt contains less sodium chloride than the same unit of heavy salt. The reason lies in the physical differences between the grains of each, those in the latter case packing more closely than in the former. In our opinion it is the undue significance attached by the Madras Government to this fact, regardless of other considerations, which has led to the present proposal. It has been laid down that the market is ruled by the preference of the trader, and it appears to have been assumed that the success of Bombay salt in the competition with Madras salt is entirely due to the fact that the trader makes a greater profit by its sale. The possibility of its popularity being due to a genuine preference on the part of the consumer has throughout been ignored. Mr. Merriman, in comparing Bombay with the locally made Travancore salt, speaks of the sale of "Bombay filth," and the views of the Board as expressed in 1900 were as follows:—

"... all that the manufacturer or trader cares for is a big grain or crystal, quality as regards deleterious ingredients being of no import to him. The consumer does not demand a light salt. He has no option in the matter and knows nothing of the matter."

The same view, restricted, as we consider, to one aspect of the question only, was expressed in a more recent instance by the Board in October 1903, when dealing with certain replies received from the District Officers of the Presidency regarding the merits of the proposal to make the sale of salt by weight compulsory:—

"The Board believed that it was a matter of general knowledge that salt being bought wholesale by weight and retailed by measure, was a commodity regarding which constant frauds were being practised upon the consumer. . . . The following example tends to show the extent to which the sale of light salt by measure defrauds the consumer:—It was found that Madras salt could be delivered at Erode for Rs. 2-8 per maund; Bombay salt cost Rs. 7-0 per maund at Erode. The former gave 21 local measures per maund; the latter 24. The price per measure of both salts was 2½ annas per measure. A maund of Madras salt therefore sold for Rs. 8-0 and a maund of Bombay salt for Rs. 1, the profit in the one instance being 5 annas 4 pies and in the other 9 annas per maund. Naturally it would be supposed that the seller of Bombay salt would reduce his retail price so as to exclude Madras salt. But this was not what occurred. The retail price remained constant, but the Bombay merchant paid to the seller a commission to sell Bombay salt only and Madras salt ceased to be sold."

14. The fact, however, that Bombay salt is usually lighter than Madras salt is only one of the factors in the problem. Another factor of at least equal importance is the preference of the consumer.

In the course of our enquiries we have obtained sufficient evidence that the statement, that opportunities for the exercise of such preferences do not exist, is incorrect. For many years the Madras and Bombay salts have been in open and active competition, and the popularity of Bombay salt is largely due to the preference of the consumer for it, apart from any question of lightness. In the Sholapur bazaar a heavier Madras salt was found competing with Bombay salt

Madras salt—1 anna 5½ pies per seer (weight).
Bombay salt—1 anna 6½ pies to 1 anna 7 pies per seer (weight).

and at a lower price, sale being by weight—the system followed in transactions among the townspeople. The presence of Madras salt in this market was of course due to the shortage in the Bombay supply during 1903.

In Bangalore where Bombay salt has only entered the market in large quantities since the completion of the Southern Mahratta Railway between Poona and Bangalore in 1890, but where the two salts since then have been in active competition, Madras salt was found selling at 1 anna 4 pies to 1 anna 6 pies per measure, and Bombay salt at 1 anna 7 pies to 1 anna 8 pies per measure, Bombay salt fetching the higher price though it was lighter in weight.

Figures showing the quantities of Madras salt consigned to Bangalore during the last ten years, which illustrate the course of the competition, are reproduced in the margin. We publish as Appendix XI some interesting papers regarding the consumption of Madras and Bombay salt in the Mysore State. Although the Darbar favours the sale of salt by weight, the existence of a distinct preference for Bombay salt throughout a great portion of the Mysore State is distinctly recognised, for which the people are willing to pay up to a certain point. In the words of the

Secretary to the Mysore Government, "in some places a preference is shown for Bombay salt which is larger grained and lighter than Madras salt, and, in some, the force of habit restricts the demand only to Madras salt. This variation in taste, however, it has been ascertained, has not tended to prejudice the consumers to any material extent. In several places both kinds are freely offered for sale, and retailed to purchasers at their option." The Resident, Sir James Bourdillon, K.C.S.I., is of opinion that the proposed legislation "is unnecessary and would be futile as well as irritating."

In Salem the lighter Bombay salt was found fetching the higher price per measure; and, as was also the case in Bangalore, the two salts were found selling at different prices in the same shop. Madras salt was said to ordinarily find a sale in this town during the monsoon months

Year.	Imports of Madras salt into Salem town.
	Mds.
1901-02	1,687
1902-03	484
1903-04 (April-December)	27,596

when Bombay salt was less readily available, but the figures showing the quantities of Madras salt consigned to Salem town during the last three years, which are reproduced in the margin, show that the vendors of Bombay salt have no monopoly of the market, and any one wishing to buy Madras salt can have no difficulty in obtaining it.

At Calicut (Malabar) and Podanur (Coimbatore) no Madras salt was found in the market, though some was said to have been sent for sale to Cannanore and Tellicherry in the Malabar district. At Erode (Coimbatore) Madras salt only was on sale. Bombay salt was stated to have been sold there about two years ago, but the people were said to prefer Madras salt. At Bellary only Bombay salt was found, but Madras salt was said to have been on sale up to within a short time of the Committee's visit.

It was perhaps unfortunate that the Committee was unable to visit more markets in the area of competition in the Madras Presidency and the States of Mysore and Hyderabad, but the tour programme was drawn up in accordance with the President's suggestion.

The Committee did not, as a body, visit Hyderabad, but enquiries made there and at Secunderabad by Mr. Dane showed that, though the practice of the sale of salt by weight prevails in both places, Bombay salt was selling at

Madras salt 9 to 10 seers to the rupee.
Bombay salt 8 to 9 seers to the rupee.

higher prices, both wholesale and retail, in competition with Madras salt in a large number of shops, and the higher prices were invariably charged even when the two kinds of salt were offered for sale in the same shop.

When reporting on the experimental manufacture of salt on the Bombay methods in 1899, the Madras Board of Revenue admitted that this preference exists. "There are," as they said, "some difficulties on the score of taste to be got over," before Madras salt can enter into effective competition with Bombay salt.

In view of facts such as these, the argument that the will of the trader entirely governs the market and that the consumer has no preference and no opportunity for its exercise, is, in our opinion, disproved.

15. It is argued that the circumstances prevailing at the time of our enquiry were so exceptional as to nullify the value of any deductions drawn therefrom, since the manufacturing season of 1903 in Bombay closed with a serious shortage of stocks and prices rose in consequence. (*Vide* Chapter V, paragraph 3.) This fact, it is urged, has rendered it possible for Madras salt to make its way into markets in which it was previously at a disadvantage, and it is contended, therefore, that the facts as ascertained throw little light upon the normal course of the trade. We consider, on the contrary, that the conditions were peculiarly favourable for our enquiry as we were able to find salt of the different descriptions in active competition in markets usually held more or less completely by one of them, and it was conclusively demonstrated that while a preference on the part of the consumer exists up to a certain point, yet when the price of the salt which he prefers passes beyond that point, he turns to a cheaper kind. The higher price at which, under systems of sale both by measure and weight, Bombay salt is found selling in the market is, in our opinion, the result of the preference which exists for it; but the consumer is willing only to pay a certain amount for his choice, and an undue enhancement of the cost of Bombay salt offers an opportunity to Madras salt to reassert itself, of which it promptly takes advantage. It is possible that the circumstances of 1903 pushed back the border line of competition westwards: Madras salt advanced and Bombay salt receded. But such competition, it seems to us, must in any year exist somewhere, possibly in no two consecutive years along precisely the same line, but ebbing and flowing according as the demand of the consumer asserts itself in either direction. Throughout this area of competition, the two salts fight for the market; the victory of either depends upon the taste of the public and the price of the salt.

The circumstances of the year 1903 as affecting the salt market.

Up till the year 1898-99, the annual reports of the Madras Salt Department contained information regarding the sources of supply to different district markets and as to the prices prevailing in them. The prices given appear to have been inaccurate, but the returns show that Bombay and Madras salts were in competition for many years in a great number of markets in Salem, Coimbatore, and the Ceded Districts.

16. This existence of a preference on the part of the consumer is not a newly discovered fact. It has been demonstrated by the experience of widely different parts of the country, and the conclusion of the Salt Commission of 1876 upon the point, was expressed as follows:—

Evidence as to the existence of preference on the part of the consumer.

"There is, we think, sufficient evidence in facts which have come to our knowledge in the course of our enquiry to show that consumers discriminate between different kinds of salt and that the better kinds fetch higher prices and are preferred."

Our experience has been similar. Preferences for salts of different kinds are everywhere expressed, and we cannot disregard them entirely because the reasons given for their existence are often vague and contradictory; nor can we accept the explanation that they are all attributable to the interested instigation of the trade. Thus, in areas unconcerned with the present discussion we find that Punjab rock salt cannot compete with Sambhar salt in Delhi and the Upper Gangetic Doab, though it sells readily in certain districts in Oudh, in the eastern districts of the United Provinces, and to some extent in Bihar. The Baragara salt of Kharaghoda is in demand in the eastern districts of the United Provinces as far as the confines of Nepal, though it is unsaleable in the Deccan districts of the Bombay Presidency. The issue of the salt to prisoners in the Yarrowda Jail at Poona after the establishment of the Government agency in the current year, was actually made the subject of complaint by them. In Orissa we were informed that crushed *karkach* salt will sell north of Cuttack but not south, while uncrushed *karkach* salt will only sell south of Cuttack. In Travancore again, we have the evidence of the Dewan that the people will not readily consume the locally made salt, though both it and Bombay salt are offered for sale at the Government depôts and the former at the cheaper price, even allowing for the fact that it is slightly heavier.

17. It is difficult, if not impossible, to frame an accurate estimate of the additional cost to the consumer of the exercise of such a choice. We may assume, however, that the average Madras salt yields from 24 to 26 Madras measures to the maund; a similar quantity of Bombay light salt would give on an average from 29 to 31 measures—an average difference of five measures in the maund or .06 measures to the pound: that is to say, that in order to purchase a pound of salt, the consumer must buy .06 of a measure more in the case of light Bombay salt than he would require to do if he was content with Madras salt of a heavier kind. The average annual consumption per head of the population in Madras* during 1902-1903 was 17.36 lbs.; and, if we apply this rate of consumption, it follows that a consumer of Bombay light salt would have to purchase in the year 1.0416 measures more than would have been necessary if he had taken the heavier Madras salt,—a matter of about two annas. In the districts in which Bombay and Madras salts meet, however, it is to be noted that the rate of consumption is not as high as 17.36 lbs. per head. The additional cost to the consumer would, therefore, be proportionately less.

* Exclusive of the districts of Malabar and South Canara, Mysore and Coorg, and Travancore and Cochin.

It may be noted that at the time of our local enquiries the price of Baragara salt at the Government agencies at Bombay, Poona and Sholapur were Rs. 2-10-10, Rs. 2-12-9 and Rs. 3-1-1 per maund, respectively, while the prices of the cheapest Bombay sea salts in the same three markets were, respectively, Rs. 3-6-5, Rs. 3-11-3 and Rs. 4-2-0; yet the Baragara salt was practically unsaleable.

18. We have said that the grounds for preference, given in response to enquiry, are frequently vague and absurd, but various facts may be adduced to show that the preference for Bombay sea salt, as compared with that of Madras, is not altogether without reason. It appears to be the case that Bombay salt is freer from both moisture and grit than that of Madras, and there are various stages followed in the course of manufacture in Bombay, but not in Madras, which would render this probable. We deal with the processes of manufacture in greater detail in the following Chapter, but briefly it may be said that the salt in Bombay, which is exposed to the sun in thin layers upon the ridges of the pans, is more thoroughly dried than is possible in Madras, where it is laid out in heaps in more confined spaces. Bombay salt is sifted primarily in order to grade the crystals, but with the incidental result of eliminating the separate particles of grit and dirt, while in the manufacture of light salt special attention is paid to the preparation of a good bottom to the pans, thus reducing the likelihood of grit being taken up in the course of scraping.

In the course of our enquiry we were unable to select typical samples of Madras and Bombay salt with a view to their analyses for comparison. The failure of manufacture in Bombay during 1903 had emptied the factories of the higher grades of light salt, and it was urged that any samples selected would not be representative. The fact was unfortunate, since action is not taken in Bombay (as we think it should be) to analyse periodically samples of the salt produced, and recent analyses recorded in Madras are usually exclusive of moisture, a system which, as the Board of Revenue observed in 1896, is not calculated to give "a true idea of what the consumer gets for his money." In Appendix XII, we have, however, tabulated such analyses containing details of moisture as we have been able to obtain from various sources.

Board's Resolution No. 1520, dated the 14th April 1896.

Excluding the samples from Calicut, where owing to the humidity of the climate salt in store would naturally absorb large quantities of moisture, the figures seem to show that the percentage of moisture in Bombay salt is less than that in Madras, while the percentage of sodium chloride is higher. The percentage of insoluble matter is also higher in the case of Madras salt.

Apart from these figures it is observed that the proportion of moisture in the Madras salt has in recent years been a subject of complaint by the local authorities. Writing in 1896, the Board of Revenue spoke of the "usual proportion of moisture in the salt of the

Board's Resolution No. 1520, dated the 14th April 1896.

Presidency" as between 9 and 10 per cent, while in 1897 they referred to the

Board's Resolution No. 755, dated the 22nd February 1897.

pans contained over 6 per cent of impurities to which must be added another 8 per cent more or less for moisture due chiefly to the presence of these

Board's Resolution No. 290, dated the 30th October 1900.

excessive," and Mr. Bennett, the chemical analyst attached to the Board's office, informed us that he would take the average percentage of moisture in Madras salt as between 7 and 8 per cent. It is the case that these figures appear to

The Board in 1900 as illustrative of this point quoted the percentage of 5.79 of moisture in 20 samples taken some time after storage.

moister will it be when issued.

Complaint about the grittiness of Madras salt was made to us on various occasions, and the sandy nature of many of the beds seen by us makes it probable that grit is taken up along with the salt while it is being scraped. Mr. Judge, the Superintendent of the Preventive Service in Calcutta, informed us that the same allegation as regards Madras salt has been made to him.

19. We would not attach undue importance to detailed differences in the chemical composition of salt of different

The chemical composition of salt as affecting its market value.

our notice in which technical impurities seem to impart to the salt a flavour which is liked, but we think that the question of moisture and inorganic impurity is relevant, since the substitution of sale by weight for sale by measure might possibly tend to encourage the production of a wet and dirty salt.

The technical value of salt in the laboratory may rightly be gauged by the proportion of sodium chloride it contains and by its freedom from impurities, but it does not follow that its popularity in the market is governed by the same considerations. Punjab rock salt is chemically a purer and a better salt than those produced either at Sambhar or Kharaghoda, but the latter are preferred to it in many markets of the United Provinces even at higher prices. Any allegation of "fraud" based upon the amount of sodium chloride which a purchaser can obtain in buying one kind of salt or another should be received, therefore, with caution. For the same price more saccharine matter can be purchased in the shape of coarse brown sugar than of beet sugar, yet the purchaser of the latter has not hitherto been regarded as the victim of a fraud.

20. A consideration other than that of chemical purity which undoubtedly

The size of the crystal as affecting the market value of salt.

brought to our notice that a mature large-grained salt was accounted the best. In the sale of Rajputana salt in northern India the same preference has been experienced, and no question arises there of the use of weights or measures. A salt of this description carries better, wastes less, and is more attractive to the eye.

21. We are not therefore prepared to accept as valid the argument that

The lightness of salt as affecting the trade.

the consumer is the helpless victim of the trade. We do not deny that under a system of sale by measure, the dealer who can purchase salts of varying degrees of weight at the same price and can sell the lighter at a price higher than, or equal to, that of the heavy salt, will make a larger profit upon it. As a matter of fact, a good light salt costs more to produce than an ordinary heavy salt (Chapter VIII, paragraph 2), and its sale price must therefore necessarily be higher if dealings in it are to be remunerative; but under the existing conditions of manufacture and trade, the element of lightness gives to the merchant a larger advantage than is thus accounted for. The introduction in a bazaar of a salt markedly lighter than its competitors undoubtedly offers an opportunity of profit of which the trader is not slow to take advantage, but in accordance as

the salts on the market tend to conform to a uniform standard (as is the case with the graded salts of Bombay), this margin of additional profit will disappear. In Madras, where all Government salt is sold at the same price (3 annas per maund), irrespective of weight and quality, the trader naturally endeavours to obtain the lighter salt, and the difficulty thus created is a serious one. In our opinion, however, it should be met by improvements in administrative methods rather than by legislation.

22. Without desiring in any way to criticise the administration of the Salt Department in Madras, we think that it is only right to draw attention to circumstances other than the lightness or heaviness of the salts produced, some of which have admittedly assisted Bombay in the contest, and others which seemed to us in the course of our enquiries to be calculated to have that effect:—

(a) The large Bombay excise works are more favourably situated than many of the factories in Madras for the furtherance of an active competition. They are grouped together in the vicinity of Bombay with facilities of communication by rail and water, and the activity of any one of them is a stimulus to the others. The position of Bombay as an important port of export enables the railways converging upon it to convey salt up-country at favourable rates of freight in wagons which would otherwise return empty. The manufacturing season in Bombay is longer than that in Madras, and in the matter of the brine supply we concur with the opinion expressed by Mr. Merriman that the Bombay works are at an "immense advantage."

(b) There are differences in the character of the excise licensees of the two Presidencies. To quote Mr. Merriman:

"Practically the whole of the trade in salt (in Bombay) is in the hands of capitalists * * * chiefly Muhammadans, Parsees and Bhattias, who have places of business in Bombay, and also compete with each other very keenly in pushing their trade."

While the Madras Board of Revenue observed:—

"As regards trade facilities there is no doubt that the Bombay manufacturer is more energetic and capable than the Madras merchant. Board's Proceedings No. 155, dated the 14th June 1900. Whether, if the excise system had continued in existence in Madras to the extent that it did in 1887, the excise traders would not by this time have improved their methods of manufacture and sale and brought them up to the Bombay standard may be doubted; but there can be little doubt that the long existence of the excise system in Bombay has had the effect of stimulating the trade."

The remark was made to us in various bazaars that in the matter of sales on credit the Bombay merchants offered better terms than those of Madras, and the general impression we derived was certainly that the former, as business men, were the more intelligent and enterprising. The intervention of capitalists in the salt trade in Madras is apparently discouraged, and the more powerful interests engaged in the business in Bombay must have some advantage in the competition.

(c) It seems to be admitted by the local authorities that the system of distribution in Madras has frequently presented difficulties in working. The Oriental Salt Company, the largest individual licensee in Madras, gave it as their opinion that "there is no distributing agency in Madras, and Bombay traders with their power of making and choosing salt suited for each locality, are securing the supply of the whole of the interior of the Madras Presidency." Without attaching undue importance to a statement of an interested party, we note that the Board wrote as follows:—

"Government has not set itself to find new markets outside the Presidency nor engaged in the process of distribution within it. These fall naturally to the unofficial trader, and Government by its system of credit sales has contributed more than could be expected of it, towards diminishing the final cost to the consumer; in the result, however, the credit market is occupied by buyers and sellers of credits not by genuine traders."

In fact in 1890 the Board went so far as to propose the abolition of the credit system "as unsuited to present conditions under the excise system." They added that "the up-country merchant

Board's Proceedings No. 522, dated the 18th November 1890.

and consumer would be no worse off (in that event) than the seeing the...
anna."

Board's...
May 1900.

great extent unsuccessful owing largely to

the c...

stances calculated to prejudice
Board observed:

"Excise manufacturing..."

Board's Resolution No. 1000
October 1900.

portion of the Madras manufacturers' market to Bo
Again, writing in 1893 in critic

which was effected under the orders of the
tion from Government works to

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new channels, and we have
given to the...
C... the eastern p...
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considerations discussed...
of... the revenue...

more on the...
annum will...
therefore the increased diffusion of

"The...
ever, to...
is no market for

that the

prose

"Mr. Pedder in 1870... data available...
that the consumption per... head which he found to be the licit consumption...
between this... illicit salt consumed. From the following table it
will... Bombay continues to be far below that of Madras:—

YEAR.	RATE OF CONSUMPTION IN THE BOMBAY PRESIDENCY.			Rate of consumption in the Madras Presidency with Mysore and Coorg and the Native
	Gujarat.	Khandesh, the Deccan and the Western Ghats.	and the three Northern Districts.	
	lbs.			lbs.
1880-81	10.41	8.21	11.55	13.35
1881-82	9.62	8.69	10.09	12.49
1882-83	9.90	9.01	10.28	14.00
1883-84	10.37	7.77	11.43	14.97
1884-85	10.43	8.92	10.69	15.16
1885-86	10.82	10.24	11.18	15.43
1886-87	10.54	9.92	10.92	15.85
1887-88	11.59	10.33	12.23	16.20
1888-89	10.96	9.66	11.61	16.29
1889-90	11.59	9.61	12.58	16.84
	11.23	9.83	11.94	14.90
	12.33	9.30	13.91	15.18
1892-93	11.44	9.19	13.02	15.53
1893-94	11.44	9.27	12.58	15.97
1894-95	11.77	9.02	13.18	15.85
1895-96	11.35	9.49	13.00	16.18
1896-97	11.61	9.35		15.50
1897-98	12.13	8.97	13.30	16.46
1898-99	11.66	9.55	12.71	16.09

Presuming that sm... used in Bombay, it is
at least a matter deserving... had not reached a
high... Looking again to the probabilities of the case, it certainly appears very probable
that the... of a light salt has diminished in some degree consumption. It is
... for instance, that at a place like Coimbatore, the people, buying
their salt by measure, the number of measures... by the...
between the light... eaten there and the... Madras are...
used to consume... lives in the matter of salt is no doubt very delicate,
but one can hardly imagine a housewife who finds she can buy a measure of salt at
a slightly cheaper rate, because it happens to be light salt, not feeling satisfied with credit-
ing her household account book with the difference, part of which should go into the Imperial
coffers. If this is done as a rule, then taking the consumption of the area from which the
Bombay light salt is given out the Madras heavy article, a... have
accrued to the... The consumer in fact can only produce... to the
heavy, because he cheats himself in thinking he gets the same amount of sodium
chloride in the cheaper salt. He buys it because it is cheaper. It is...
there is actually less of it, and a diminished quantity
revenue. It is...
light salt was...
a reduction of 10 of a per... in the Presidency means a loss of revenue to
of Rs. 1,04,473 on present... it is, the Board... as well to...
before a further step is taken. If the consumption in... down to
the... in Bombay... revenue will be...
The... whether... man's theory is...
does hold that there is reason... and at all events that... is con-
siderable danger of diminished... and with that in view... from the
position that it has al... up that, if any change is to be made, it... be in
the direction of...
weight. The very...
extent, be accounted for by causes which have been noticed from time to time. There
is probably a large consumption of duty-paid salt on fish-curing, and the food commonly

eaten by the poorer classes in Travancore and Cochin probably requires more salt than that consumed elsewhere. There seems, however, little reason to suppose that the importation of salt into Travancore and Cochin is enormously in excess of the requirements of the population or that much of it is consumed in British territory (page 51—The Systems and Practice of Salt Administration in India). Mr. Merriman could find no reasons for supposing this was the case, and it is impossible that there can be much smuggling into British territory without the departmental officers knowing it. It seems much more probable that the large consumption per head in these States is in part due to the peculiar customs of their inhabitants, and in part to the very heavy salt which finds a sale there. A curious case has recently come to the notice of the Board where in Adoni town which is inside the area supplied by Bombay salt, Madras salt is in favour and is consumed, because salt is there for some reason unknown to the Board sold by weight and not by measure. There can be little doubt that if a similar practice prevailed elsewhere in the Ceded Districts, the Bombay salt would no longer be the salt in favour with the consumer. The Board hopes that before any orders are passed as to the general adoption of Bombay principles of manufacture this feature of the problem will be fully considered. The fact that salt differs so much in weight according to the method of manufacture, coupled with the fact of its being sold wholesale by weight and retailed by measure, makes the consideration of any such matters as those discussed in these Proceedings very difficult and obscure."

It will be observed that the Board declined to commit themselves to the accuracy of the theory, and we doubt the validity of the premise that a native will regulate his consumption of salt by the number of measures to which he is accustomed, irrespective of the salinity thereby imparted to his food. We can understand his buying less salt because he cannot afford to buy more, but failing this condition, we apprehend that he will insist upon the degree of saline flavour in his food which suits his taste. We have shown above that the actual additional expense, to which the consumer is put by purchasing by measure a given quantity of salt in the form of light, instead of heavy salt, is small, and it is of importance to remember that he takes the lighter salt by choice. This being so, it is, to say the least, probable that if he can only savour his food up to his customary standard by the purchase of more measures of the salt he chooses to buy, he will do so.

There are other portions of the Board's remarks which seem open to challenge. Thus it is observed, "The consumer in fact can only prefer the light salt to the heavy because he cheats himself in thinking he gets the same amount of sodium chloride in the cheaper seer. He buys it because it is cheaper." The statement is not in accordance with the result of our enquiries. We have shown that Bombay salt (to take the typical instance of a light salt) may be dearer per measure than Madras salt, and yet the consumer is willing to pay for it. There seems no need to suppose the element of "cheating." The consumer may have a legitimate preference which he may indulge. Again, the conclusion that "there can be little doubt that if a similar practice (of sale by weight) prevailed elsewhere in the Ceded Districts, the Bombay salt would no longer be the salt in favour with the consumer," appears to us to rest upon the assumption underlying the whole case as presented, that it is the lightness of Bombay salt, and that only, which enters into the question. It is absolutely contradicted by the experience of the Nizam's Territory to which we have already referred (paragraph 11).

The Board's remarks regarding the consumption of salt in Cochin and Travancore have reference to Mr. Merriman's argument which he states as follows:—

"If we look at the three groups, viz., (1) Bombay, (2) Madras, and (3) Cochin *cum* Travancore, we find No. 1 using the lightest, No. 2 medium, and No. 3 heavy salts, and their rate of consumption follows the same order."

We would only observe that, as a statement of fact, we doubt the correctness of the allegation that the salt consumed in Cochin and Travancore is markedly heavier than that consumed in many places in the Madras or Bombay Presidencies, though it is the case that the lightest varieties of Bombay salt are not exported to these States. We agree with the Board that the effect of the manufacture of light salt upon consumption is "difficult and obscure," but we are of opinion that it has not so far been established that the substitution of light for heavy salt will diminish the total quantity consumed. We are not prepared to accept as proof of that conclusion, the fact that the rate of consumption in Madras is higher than the same figure in Bombay; the considerations entering into the question are numerous involving differences of race, customs and

climates; physical features of districts; diet and standard of living. The consumption of salt in Gujarat, in a great part of which sale is by weight, is less than that in the rest of the Presidency, and the consumption in Upper India where all sale is by weight, is considerably less than in Bombay. It is admittedly in the more recent years that attention has specially been directed to the manufacture of light salt, while the phenomenon of the varying rate of consumption in either Presidency is of long standing.

24. Apart from mere conjecture, the only evidence which has been produced before us in support of the contention consists of certain figures which were supplied by the President and are reproduced in Appendix XIII, with the object of showing that in the Madras districts in which Bombay salt is consumed the rate of consumption is lower than in the districts which are supplied wholly with Madras salt. The suggestion is that the comparatively low rates of consumption recorded in Coimbatore and Salem, and in the Ceded Districts (Bellary, Anantapur, Kurnool, and Cuddapah), are due to the fact that light Bombay salt is consumed there. The figures, however, show that the rate of consumption in South Canara and Malabar, which are exclusively supplied by Bombay salt, is as high as the rate in the rest of the Presidency, and reference has already been made to the rate of consumption in Cochin and Travancore. Again, in the Ganjam district, where Madras salt alone is used, the consumption is comparatively low. It is not the practice in Madras to consider the consumption in Ganjam separately, but we observe that the rate for Ganjam alone approximates closely to the rate of consumption in Orissa, and Ganjam is in the main an Uriya district. If it is alleged that there are special circumstances which account for these results in cases in which Bombay or Madras salt is solely used, it is not unreasonable to suppose that there may be special circumstances which cause the lower consumption in districts where both Bombay and Madras salts are used. In the case in particular of the Ceded Districts, which differ widely from the other districts of the Madras Presidency in climate and character, the existence of such circumstances appears undeniable. Bombay salt was practically first introduced into the Ceded Districts in 1890-91, but the low rate of consumption in these districts is characteristic of the whole period of twenty years for which figures have been quoted.

Again, if it is a fact that the use of Bombay salt tends to diminish consumption, it might be expected that the introduction of Bombay salt into any district would be followed by a diminution of consumption. Yet for 1890-91 and the following years, the deduced figures of consumption per head are lbs. 10.83, 10.90, 11.57, 12.06, 13.53, and 14.96. In 1896-97, the rate dropped to 12.64 owing apparently to scarcity. After 1896-1897, although the proportion of Bombay salt steadily increased, the series is again an ascending one—lbs. 12.64, 13.34, 14.33, 15.63—until again checked by unfavourable seasons in 1900-01 and the following year. The violent fluctuation in 1902-03 has not been explained, but it may be due to some extent to the prevalence of plague.

The Ceded Districts have been taken together for the purpose of this argument, as is the practice in Madras, but it is to be noted that in the Cuddapah district, in which the recorded importations of Bombay salt are insignificant, the rate of consumption is at least as low as in the other three.

We refrain from entering into an enquiry into the true causes of the variations in the rates of consumption in the Madras districts. It is sufficient to say that, in our opinion, the figures furnish no proof that the introduction of Bombay salt has diminished consumption in the districts into which it has found its way, or that the use of light salt generally leads to a diminution of consumption and consequent loss of revenue.

25. So far we have dealt with the grounds upon which the desirability of legislation to prevent the retail sale of salt by measure has been urged, and have given it as our opinion that the necessity for that course, either in the interests of the consumer or of the revenue, has not been established. It merely remains to consider the possible form of such legislation. In Madras itself there appears to be some difference of opinion as to its necessity. In a circular letter, dated the 21st August 1903, enquiry was

The form of any legislation on the subject of the sale of salt by weight.

made by the Board from the Collectors throughout the Presidency whether "there was any objection to the sale of salt or of any other commodity by weight being made compulsory." From the replies received it seems that thirteen Collectors supported the suggestion while eight were opposed to it.

It is presumed that any law enacted on the subject would be applicable to all parts of India in which the system of the retail sale of salt by measure prevails, that is to say, to the whole of the Madras, and the greater part of the Bombay Presidencies, and to the Central Provinces. We have not thought it requisite to ascertain how the proposal would be regarded by other administrations outside Madras, but if a *prima facie* case in favour of legislation were held to exist, it would be necessary to consult them.

We are at the disadvantage of not knowing the exact form of legislation which commends itself to the Madras Government. In the Proceedings of the Board, which led to the submission of the present proposals, the course recommended was that the whole matter of the competition between the Presidencies should be laid before the Government of

Board's Proceedings, No. 308-R., dated the 27th January 1903.

India "with special reference to the question whether Bombay is not largely aided in the competition by the laxity of its preventive measures." "If this," said the Board, "is out of the question, the enactment of a law making the retail sale of salt by weight compulsory, is a practical measure which will end the difficulty." The Government of Madras in their letter No. 229 Revenue, dated the 2nd March 1903, to the address of the Government of India, suggested that legislation should be initiated "to render the sale of salt otherwise than by weight illegal." It would appear, therefore, that a general enactment applicable to the sale of salt throughout the Presidency was contemplated. It having been suggested, however, that the sale of salt by weight might be made compulsory by law at the option of the purchaser, we addressed to the Government of Madras the letter No. 49, dated the 12th January 1904, which will be found in Appendix XIV. In reply we were informed on the 3rd March 1904 that the matter was still under consideration. We have not therefore thought it desirable to postpone further the submission of our report which was otherwise complete.

26. If legislation is to be undertaken, the simplest, and in our opinion the

Objections to such legislation.

only efficacious, course would be to declare it a cognizable offence for any retail dealer to sell salt except by standard weights, and we are doubtful whether any action short of a comprehensive enactment of this kind would have any effect in changing so well recognised and long established a practice as that of sale by measure. No case, however, appears to us to have been established which would justify the harassment of the people which would be involved in such a course. A wholly artificial class of offences would be created, and, if any attempt were made to enforce the law with vigour, the evil resulting from inquisitorial interference, and the opportunities offered for the levy of blackmail and the institution of false cases, would be out of all proportion to any benefit which might be expected. The disadvantages of the sale of salt by measure are to a great extent problematical, and the people are entirely unconscious of them. The evils resulting from legislation would be grievous, and their operation would be obvious. The necessities of fiscal administration

PROVINCES.	NUMBER OF PROSECUTIONS DURING 1902-03 UNDER	
	The Excise Law.	Salt Law.
Penal	3,625	813
United Provinces	1,658†	
Punjab	550	1,182*
Central Provinces	905	
Bombay	3,170†	1,428
Madras	18,796	4,469

* Northern India Salt Revenue.

† Figures are for the year 1901-02.

prescription of standard weights by which all transactions should be governed. If no such standards are prescribed, it can scarcely be said that any protection

is afforded to consumers, and the advantage of the same standard for retail sale as for the purpose of the levy of duty is lost. We understand, however, that the enforcement of a system of standard weights and measures has already been considered, and that Government have deliberately refrained from taking action in that direction.

27. It may be argued, however, that it would be sufficient if the offence of selling salt by measure were made cognizable only upon the complaint of the

intending purchaser. If this course were adopted, the power of abuse would be taken out of the hands of the police, but the opportunity for the gratification of malice or of trade jealousy would still be left to private parties, and it would still be open to unscrupulous subordinates to instigate charges for their own benefit.

Moreover, upon the hypothesis upon which legislation has been advocated, the consumer is the ignorant victim of the trade. If he is unaware that a fraud is being practised upon him, it is unlikely that he will have recourse to law to remedy it, and even if he is conscious of the fraud, it is unlikely that in the absence of any private grudge he will institute a prosecution.

Again if, as alleged, the consumer is at the mercy of the trade, it only remains for the dealer to refuse to sell to him at all except by measure. To prescribe by law that every shopkeeper shall sell salt by weight when required to do so seems impracticable. A mere refusal to sell can hardly be made an offence in law, and an obviously possible means of evasion would be to demand a prohibitive price for any purchase by weight.

28. It has been suggested that any form of legislation might be tried first in

large towns and municipalities and the desirability of its extension elsewhere determined upon in accordance with the results shown. The area, within which the difficulties resulting from such legislation would be felt, would certainly thus be restricted, but the difficulties themselves would not be removed.

MINUTE OF DISSENT BY THE PRESIDENT.

1. I regret that I am unable to agree with my colleagues that it is not advisable to enter upon legislation in order to enforce the sale of salt by weight. My colleagues have agreed that from a theoretical point of view salt should be sold by weight, but they do not consider it necessary to enter upon legislation to ensure this result, and they are of opinion that the injury to the consumer by the retailing by measure of salt sold wholesale by weight is too small to make it necessary for Government to interfere. They consider that the preference of the consumer as distinguished from that of the trader regulates the description of the salt sold in any market.

2. The subject of the retail sale of salt by weight has engaged the attention of the Commissioner of Salt, Madras, more or less, ever since the appointment of the Commissioner of Salt permanently, has recommended that legislation should be undertaken requiring the retail sale of salt to be by weight. Every officer, who has officiated in the appointment, who has expressed an opinion upon the subject, has expressed the same opinion. The Government of Madras rejected the idea for many years, and then contrary to the advice of Mr. Bliss, their salt expert, attempted to make light salt to be sold in competition with the light salt which comes into the Madras Presidency from the West Coast, but finally recommended to the Government of India that legislation should be undertaken.

3. My colleagues, in dealing with the historical portion of the question, refer to the correspondence of 1887, in which the Government of India asked what practical difficulties stood in the way of substituting weight for measurement in the sale of salt. In 1887, at any rate, the Government of India were not disinclined to undertake legislation.

4. In the first place, I beg to draw attention to paragraph 23 of Mr. T. Venkatesami Row's minute of dissent from the report of the Madras Salt Commission of 1876. This gentleman, whose opinions have stood the test of time better than those of the other members of the Commission, recorded the following remarks:

"The manufacturer has to deal not with the consumers themselves but with traders, and so long as the trader has to buy by weight and sell by measure (this system must, I presume, continue for years to come), he would naturally care more for bulk than for quality. Indeed, I doubt whether the mass of consumers would care less for bulk."

The suggestion thus thrown out nearly 30 years ago by a native gentleman with an unrivalled knowledge of the Madras Presidency has been carried out to the letter. The trader looks for nothing but the salt which will yield the greatest number of measures to the pound, and the mass of the consumers look to the apparent bulk of a measure of salt when turned out of the measure.

5. There have always been considerable differences between the weight of different salts even in Madras. The Salt Commission Report, 1876, paragraph 477, refers to experiments, which showed that the variation in the weight of a given quantity of salt was as great as 87 per cent, though the variation amounted to only 17½ per cent in the case of Madras salts. In the heavier Bombay salt of that time found at Calicut the greater variations occurred. When Mr. Pedder wrote in 1870 sitting of unsorted salt was apparently not allowed in Bombay, and the heaviness of the salt at Calicut in 1876 seems to show that sifting did not exist then. I have been unable to find out when sifting began in Bombay.

6. It is a most unfortunate circumstance that, owing to the short supply of sea salt in Bombay in 1903, the ordinary course of the salt trade was completely upset at the time of our inquiries. Madras salt was selling in places to which it had never penetrated before, and owing to the shortness of the supply, the price of Bombay salt was unusually high everywhere. The stock

of Bombay salt in the Madras Presidency was far from equal to the demand. My colleagues were therefore entirely unable to judge by personal observation of the ordinary course of the salt trade in the Madras Presidency. Our inquiries into the price of salt were made in the following bazars in the Presidency—Calicut, Podanur (Coimbatore), Erode, Salem, Madras, and Bellary. Salem was the only one of these places in which we found Madras and Bombay salt on sale. We also inquired into the price of salt at Bangalore, where we found both Bombay and Madras salt on sale, and in Bombay, Poona, Sholapur, and Bijapur. Of these places the two kinds of salt were on sale only at Sholapur. I also made inquiries at Adoni during the Christmas holidays, and Mr. Dane made inquiries at Hyderabad and Secunderabad. Mr. Dane found both Bombay and Madras salt on sale, I found Madras salt only. The small number of places in which we found Bombay salt on sale made it difficult to draw any satisfactory conclusions from our inquiries even as to the course of trade in this year, while the unusually high price of Bombay salt made it impossible to judge from what we found as to the course of trade in an ordinary year. An extension of our inquiries would have been of little assistance as there was so little Bombay salt in the market in the districts in which the competition takes place. The results of our inquiries were also misleading because the Bombay salt which we found in the markets was less light than usual.

7. In an ordinary season Bombay and Madras salt hold distinct areas which are well known, and it is unusual to find both kinds of salt on sale in the same market. When both salts are so sold the price of both is generally the same, unless a merchant is specially pushing the sale of one or the other. Lately, since efforts have been made to supply specially made light Madras salt to certain markets, both kinds of salt are now and then found on sale together at different prices as in the present year. When Bombay light salt has taken hold in any market ordinary Madras salt disappears from it, and as long as the supply of Bombay salt can be maintained ordinary Madras salt is not sold. But if the supply of Bombay salt runs short Madras salt at once reappears. When light Bombay salt comes into a market it frequently undersells Madras salt at first. As it gets a hold upon the market the price is raised. Sometimes a commission is paid to the retail dealers to sell Bombay salt, and it is made worth their while to sell Bombay salt only. In such a case the price of both salts will be the same. It is generally stated wherever we have been that it is more profitable to sell Bombay salt than Madras, owing to the larger number of measures which can be got out of a maund of Bombay salt, and it is this preference of the trader's, rather than any preference on the part of the consumer, which decides the kind of salt which is sold in any bazaar. This is the main point upon which I dissent from the views of my colleagues.

8. The salt which is imported on the West Coast for consumption in the Coimbatore and Salem districts, and that which is brought to Bellary, Anantapur, and Kurnool from Bombay has to be very light in order to compete successfully with Madras salt. The average cost of the salt laid down at Calicut during the last ten years was 9 annas 7 pies per maund *ex-duty*, against 3 annas, the price of salt in Madras. Salem town is about equidistant from Calicut and Madras, and Coimbatore is about 300 miles from Madras and 100 from Calicut. Bellary is 580 miles from Bombay by the Southern Mahratta Railway, and only 307 miles from Madras. Anantapur is even nearer Madras. Kurnool Road, the nearest station to Kurnool, is 655 miles from Bombay compared with 304 miles from Chinna Ganjam, the nearest Government factory. It is clear, therefore, that in order to compete with Madras salt only the lightest Bombay salt will be of any use in the Ceded Districts, Coimbatore, and Salem. The supply of this salt is limited, and as it is impossible to supply the whole demand of these districts, the Bombay merchants confine their efforts to the larger towns, and actually settle down, in some cases permanently, as we saw in Salem and Bellary, fixing their attention upon the supply of the larger towns, and leaving the outside markets to Madras and local merchants. This is the explanation of the fact that Madras salt is hardly ever on sale in the town of Coimbatore, and in ordinary seasons, as we were told by the merchants, is not sold in Salem

11. No merchant purchasing salt

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especially when it is a tax payer. In one case attention has been drawn, the purchaser of a measure of heavy salt would obtain 100 parts of salt, while the purchaser of a measure of light impure salt would only obtain 60, the wholesale value of the latter was considerably greater than that of the former.

12. It is the practice of sifting salt which has enabled the Bombay

Why Bombay salt is sifted.

lively recently, and has increased very rapidly. My collection of their Beggar salt is composed of numerous small crystals, but is not free from a certain amount of impurities, such as sand and dirt. In this I am not alone. It is sifted solely for the Bombay manufacturer to sell his salt in a distant market in which, but for the custom under which salt is taxed by weight and sold for consumption by measure, it could not possibly be sold. It is for the wholesale merchant of sifting salt has been created, and for no one else. No collector has ever asked for a finer salt. Sifting is not the creation of a superior article out of an inferior, but a means of preparing salt for a particular market. If salt were sold by weight, and there is the preference for Bombay salt which my collection considers to exist, such Bombay salt as ever will be sold, but sifting salt. As to the question of salt by sifting, I refer to the annexed.

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and cannot be seen. It is crystalline.

and the Bellary and pur, h

attention is drawn to the fact that in the consumption of salt in the Mi
nions in the years 1901 to 1906
1885-86. A comparison of a few
10 years for which figures are given in Appendix X the average consump
of salt in the Dominion was 170 thousand
pounds. The figures for Bombay
in the first 10 years, and 755 thousand in the la
Madras salt was 20.5 per cent, in Bombay salt 10.2 per cent. Similar fig

17. The fact that the very heavy Baragara salt can be sold on the confines of Nepal where salt is sold by weight, and is unsaleable in the Deccan districts of

Heavy salt unsaleable by measure.

the Bombay Presidency, where it is generally sold by measure, appears to point to the preference of the trader ruling the market. The evidence of the Dewan of Travancore was, "The truth is the bazaarmen make great profits by selling by measure and preferences depend on that," and considering that Travancore local salt when analyzed gave only 89 per cent of chloride of sodium, and 11 per cent of impurities after eliminating moisture, it is not surprising that the local salt cannot be sold easily. I think I am justified in saying that the consumer, as distinguished from the distributor, does not care, or know, whether salt is light or heavy. The traders, however, know well enough and turn the custom of sale to their own profit. To the trader no question of the quality of salt, or whether it keeps well or not, ever occurs. He finds out the number of measures contained in a maund, and sells the salt out of which he can make the greatest profit. He does not care whether it will keep, as he buys for rapid sale. Dry salt is as useless to him, if it is heavy, as salt just scraped out of the pans.

18. It is difficult to compare the quality of Madras and Bombay salts.

Quality of Bombay and Madras salt.

A series of analyses was made year after year with the object of comparing the quality of the salt imported at Calicut with the Madras salt with which it competes. These analyses appear in the Administration Reports, and they certainly show no balance in favour of Bombay. The analyses of 1886 which appear in Appendix XII are ancient history. I cannot admit that the analyses of salt from Calicut should be excluded. They were made in Madras, and if my colleagues' theory that salt absorbs moisture so very quickly is correct, this fact is favourable to them as Madras is dryer than Calicut. The real criterion of the value of salt to the consumer at Calicut is the state in which it reaches him at Calicut. Whatever the results of analyses may be, I cannot admit that the purchaser of a measure of light Bombay salt gets as good value for his money as a purchaser of a measure of heavy salt when he pays the same or a higher amount for it.

I do not see how the substitution of sale by weight for sale by measure could encourage the production of a wet and dirty salt. It is obvious that wet salt would not keep, and it is a fact that a crystal of salt containing a large percentage of moisture is lighter than a solid crystal of dry sodium chloride. When salt is sold by weight a clean looking salt will always have the preference, both of the trader and the consumer, except where the consumer has been taught that salt is not good except when it is black, a common theory where Bombay salt only is sold. It is quite true that in some places preference is given to uniform crystals, but that this is not uniformly the case is clear from the fact that the highest price in Calcutta was commanded at the time of our inquiries by the sittings which the Bombay manufacturer calls his refuse salt.

With reference to paragraph 22 of the Report, I have to remark that the recommendation made in 1890, that the credit system should be abolished, was based upon the state of the excise system in that year, which is now greatly changed.

19. My colleagues' remarks in paragraph 23 regarding preference for

Reply to paragraph 23, Chapter VII.

light salt ignore the fact that competition where it exists between Bombay and Madras salt, is competition not between light Bombay and heavy Madras salt, but between light Bombay and the lightest Madras salt that can be brought to the spot. The consumer's option, when he has one, lies between two light salts. It may be that the richer people are ready to pay a higher price for a superior kind of salt. The masses will buy the salt which they judge to be the cheapest which they can get. If a measure of the lighter salt is selling at the same price as one of the heavier, they may believe that they are buying the cheaper salt because it appears bulkier. If there is any difference in the price they will purchase the lower priced salt, if they can get it. The average quantities of Madras salt imported into the Nizam's territory were greater during the last 10 years than during the previous 10 years, which seems to support the view of the Board of Revenue that if salt were sold by weight in the

Ceded Districts more Madras salt would be sold there. I am bound to admit that the salt consumed in Cochin and Travancore is not markedly heavier than that consumed in many places in Madras, but it is much heavier than that consumed in the Madras districts which consume Bombay salt. I have no knowledge of the weight of the salt consumed in Bombay in an ordinary season. Mr. Merriman arrived at consumption figures for Cochin and Travancore, which give an average for five years of 16.84 lbs. for Cochin and 18.07 lbs. for Travancore. These figures are not higher than those of most of the coast districts in the Madras Presidency. The salt, which Mr. Merriman described as Bombay filth, is the refuse after sifting, and in appearance it is filthy. It is also decidedly heavy. I had a sample of refuse salt analyzed, and was informed that the Chemical Examiner would have no hesitation in declaring it unfit for human consumption. We were also informed in Bombay that refuse salt is now being exported to Travancore, the Dewan of which State informed us that Travancore salt is of lower quality than that imported by Cochin.

My colleagues refer in paragraph 24 to the consumption of Cuddapah for which the Madras Salt Department has never published separate figures. The figures referred to are unpublished and uncorrected figures prepared in the office of the Board of Revenue in 1903, and do not purport to be correct for each district. A glance at them will show how unreliable they are. The consumption figures for Ganjam district alone do not purport to be correct as the Administration Reports of the Madras Salt Department have stated year after year for many years, *vide* G.O., Madras, dated 21st November 1888, No. 807, Revenue.

I must point out that the figures contained in Appendix XIII with the exception of the last three lines are taken from the Administration Reports of the Madras Salt Department published annually. The last three lines have never been published, and do not purport to be correct.

20. The consumption of salt in the Ceded Districts, Salem, and Coimbatore is

Low consumption in areas in which Bombay salt is used.

markedly lower than in the rest of the Presidency. I do not ascribe this fact to the consumption of Bombay salt entirely, but

I cannot help thinking that the lightness of the salt used has some effect upon the consumption. The price of salt in these districts is naturally high, and is rendered higher by the lightness of the salt consumed, and this naturally reacts upon the consumption. A comparison of these districts with Canara and Malabar is misleading, because the salt sent to the two latter districts for local consumption is not particularly light. There is no competition to be feared in those districts, and no effort is made to supply them with any light salt.

My colleagues suggest that if the use of Bombay salt tends to diminish consumption, the introduction of Bombay salt into a district should be followed by a decrease in consumption. This argument fails in the Ceded Districts, because the advent of Bombay salt into them followed closely upon the suppression of the manufacture of earth salt, and was simultaneous with the completion of the Southern Mahratta railway in them, which, of course, increased consumption. In Salem and Coimbatore there has been a decrease in consumption during the ten years ending 1902-1903 compared with the previous ten years:—

	AVERAGE CONSUMPTION.			
	For first 10 years.	For last 10 years.	First 5 years.	Last 5 years.
Salem	13.59	13.50	14.22	14.15
Coimbatore	15.48	15.09	15.48	15.18

In the group consisting of Canara, Malabar, and Mysore, notwithstanding the opening of the Southern Mahratta Railway, there has been a reduction of consumption since 1886-87, when the figures were first given in the Administration Reports. The average for 16 years is 12.23 lbs., for the first 4 years 12.65, for the last 4, 11.95 lbs.; for the first 8, 12.28, and the last, 12.18.

The falling-off in the imports of salt into the Ceded Districts, both in 1896-97 and 1900-01, was due to bad seasons with high prices of grain following unusually great importations of salt in the previous years. 1900

of Madras salt for the Central Provinces could not have occurred if it had been the custom to sell by measure only in the Sambalpur and Bilaspur districts. Raipur is further from the nearest Madras factory than from Bombay. It is of course very misleading to compare the imports of Bombay salt into a district in the earliest days of the competition with those of the present time. The three years, which my colleagues have selected for comparison in the case of Bellary and Anantapur, are three years in which the imports of Bombay salt did not reach $\frac{1}{2}$, $\frac{1}{3}$, and $\frac{1}{4}$, respectively, of the consumption.

In the case of Kurnool the proportions are even smaller $\frac{1}{5}$, $\frac{1}{7}$, and $\frac{1}{8}$. The same applies to the Salem figures. No useful deductions are possible under such conditions.

My colleagues have also omitted to notice that prior to January 1st, 1899, all export of salt from the Madras Presidency northwards was registered for Orissa, and it was not until that date that bookings were separated for Orissa and for the Central Provinces, *vide* paragraph 58, Madras Administration Report for 1899-1900. There was, however, an increase in the total quantities sent, due to improved railway communications, as the following figures show:—

	CENTRAL PROVINCES.	ORISSA.	TOTAL.
	(In thousands of maunds.)		
1893-94	38	446	482
1894-95	40	351	391
1895-96	78	294	370
1896-97	45	395	440
1897-98	34	442	476
1898-99	56	489	545
1899-1900	265	395	660
1900-01	212	431	643
1901-02	165	594	759
1902-03	235	693	927

14. In paragraph 13 of the Report, my colleagues have been at considerable

Consumer cannot exercise preference when he has one.

pains to show that consumers have a preference for various kinds of salt, and write of an implied admission by the Board of Revenue "that this preference exists." It has never been denied, and therefore it has never been necessary to admit, that preferences for particular kinds of salt exist on the part of the consumer. It is asserted that the consumer seldom, if ever, has the opportunity of gratifying his preference. The trader takes care to supply the salt which gives him the greatest profit, and the consumer has to take what the trader offers him. I quote in this connection the following passage from Sir Henry Bliss' minute of dissent, dated 3rd November 1898: "It is vain to say that he can guard himself. In the first place, he is ignorant; in the second, he has no option. Every bazaarman in the Presidency sells by measure and will continue to do so. To whom can the poor man go to buy by weight, or the rich man either? There is no one who will sell him salt except by measure." As a matter of fact the markets to which a man is able to gratify his preference for heavy salt are few in number in an ordinary season, besides which a very large number of consumers are in debt to a particular bazaarman and cannot go to any one else for salt. The following passage from Board's Proceedings No. 5240 Salt, dated November 22nd, 1898, is also to the point:—"It (the Board) has made further inquiry as to whether there is any real demand on the part of the consumers for a light salt, and is more convinced than ever, that, though there may be local and individual preferences for the taste of Bombay salt, there is no real demand for lightness anywhere. On the other hand, the ignorance of the effect of paying the duty on the weight and selling by measure extends to the best educated men in the country."

Special cases in Mysore.

15. To turn now to the special cases quoted by my colleagues:—

1. In Sholapur bazaar Madras salt was selling by weight at a lower price than Bombay. Considering that it was the excessive price of Bombay salt in 1903 that enabled the hitherto unknown Madras salt to be sold at Sholapur, it would have been very strange indeed, if the price commanded by Madras salt, a new salt in the market, had been equal to that at which Bombay salt was selling.

II. In Bangalore the price of Bombay salt was 1 anna 7 pies, or 1 anna 8 pies per measure, and that of Madras salt was 1 anna 4 pies to 1 anna 6 pies. Ordinary Madras salt had been practically driven out of the market since 1899-1900, and the greater part of the Madras salt sent in 1900-01, 1901-02, and 1902-03 to Bangalore, a good deal of which goes outside Bangalore for sale, was specially made light salt. Hence it is clear that Bombay salt practically held the market. It therefore seems but natural, when the price of Bombay salt rose so high, that the importers of Madras salt endeavoured to push their business by underselling Bombay salt. But, as will be seen below, my colleagues have stated that the Bangalore market is usually held more or less completely by Bombay salt.

III. In the Salem case similar remarks apply. The merchants clearly told us that Madras salt only sells here when Bombay salt cannot be obtained. When Bombay prices rose high the Madras merchants naturally tried to push their salt. It is obvious that, but for the shortage in Bombay salt, there would have been no Madras salt in the market, and but for the high price asked for Bombay salt, the whole supply of it would have been sold out. I cannot understand how my colleagues can reconcile the statement that Madras salt ordinarily finds a market in the monsoon months (meaning only in the monsoon months), with the assertion "that any one wishing to buy Madras salt can have no difficulty in obtaining it." My colleagues consider that the importation of 1,687 maunds in 1901-02 and 484 maunds in 1902-03 in the case of Salem shows that there is plenty of Madras salt in the market. But in Chapter V they have stated,* and I agree with them, that the sale of 75 maunds of Baragara salt in Sholapur, a town of about the same size as Salem, in less than 1½ months, shows that there is no real market for Baragara salt there. The quantities of Bombay salt imported into Salem town in 1901-02 were 1,30,046 maunds, and in 1902-03 1,51,731 maunds.

In paragraph 15 of the Report my colleagues state that "we were able to find salt of the different descriptions in active competition in markets usually held more or less completely by one of them." The only markets, in which both the salts were on sale at the time of our visits, were Sholapur, Salem, and Bangalore. If it be true that Salem is a market usually held more or less completely by Bombay salt, it is clear that it is not correct to say that any one wishing to buy Madras salt in Salem can have no difficulty in obtaining it.

IV. I have mentioned the case of Hyderabad below, but I cannot see how any conclusion can be drawn from results found in a place where salt is sold by weight in a season when Bombay salt was unusually dear and scarce. In fact the high prices generally at which Bombay salt was selling were due to its scarcity.

16. Regarding Mr. Ananda Rao's Mysore report, I would point out that in the previous papers it is distinctly stated that the price per measure of salt is generally uniform whatever the variety, and this is reported by Mr. Lloyd to be true for Bangalore. The price quoted by Mr. Ananda Rao is the number of seers per rupee. The difference of one seer or so in the price of Bombay salt is about correct when salt is bought by weight by the rupee's worth for retail sale by measure. The wholesale price of light salt is always greater than that of heavy. Mr. Davidson's report that the Virajpet merchants in Coorg are careful to obtain heavy salt for their own use is an interesting contribution to the information on the subject.

It is an undoubted fact that Bombay and Madras salts were upon sale in Salem, Coimbatore, and the Ceded Districts up to 1898-99 in a number of different markets. The figures collected in Appendix F to the Madras Salt Administration Reports up to that year show that at first Bombay salt generally sold wholesale more cheaply than Madras. Its price was gradually enhanced, and notwithstanding the lower price at which Madras salt was sold wholesale, Bombay gradually occupied a more and more defined share of the market, and the cases in which both Bombay and Madras salt were selling at the same time in the same place gradually became fewer in proportion to the number of markets from which reports were received.

* *Vide* page 61.

and 1901 were both bad seasons, and the districts did not recover until 1903. Nevertheless, the average quantity of salt imported into these districts during the five years ending 1902-03 was greater by 36,000 maunds than the average for the preceding five years.

21. The effect of the sale by measure of light salt purchased by weight is to very greatly increase the price of the salt to the consumer, and the present system of arriving at the number of seers of 80 tolas sold for a rupee at each of the price recording stations makes it perfectly impossible to check the real price of salt. When salt is always sold by measure the price recording officer ascertains the price of a measure of salt, applies a conversion table, and reports that so many seers of salt are sold per rupee. This result can never be correct because the weight of the salt contained in a measure is never constant. Besides the errors which are inevitable from variations in the weight of salt, it is impossible for a man measuring out salt to measure out the same quantity by weight in each measure. It is also well known that a professional measurer can make at will an enormous difference in the quantity which he measures out. In the experiments made by Sir Thomas Munro (East India Home Selections, Volume I, page 852), the maximum difference between two measurements was no less than 53 per cent. It is in fact impossible to form any accurate conclusion as to the price of salt to the consumer, when salt is sold by measure, except by weighing a measure of salt, and then the result is accurate only for the particular measure of the particular kind of salt weighed. It is this fact which renders all our present statistics of salt prices absolutely inaccurate when salt is sold by measure. The statistics for the Madras Presidency are based upon a conversion table prepared in 1875, which has undergone very little alteration since, although there has been a very great decrease in the weight per measure of the salt sold in the Presidency. In 1875 sifting was apparently not allowed in the Bombay Presidency, and the only Bombay salt which reached the Madras Presidency, that consumed on the West Coast, was very heavy indeed (*vide* paragraph 478 of the report of the Madras Salt Commission). Some years after Bombay sifted salt began to come into the Madras Presidency, it was reported in 1890 that it gave from 22½ to 25 Madras measures per maund. It now gives from 26 to 31 measures ordinarily, and has been known to give up to 35½ measures. Madras salt for competition has been made lighter, and whereas in 1890 it gave from 19 to 21 measures per maund, it now sometimes gives 25 measures or even more. Formerly, under the impression that light salt was necessarily bad, the Madras Salt Department set itself to make heavy salt, now under the demand for light salt the salt made throughout the Presidency is generally lighter than it was 20 years ago. When Government salt is light, although it is sold by Government for 3 annas a maund, it is worth much more to the wholesale trader. It is more costly to make light salt than to make heavy salt, but the chief cause of the increase in the price of salt to the consumer is the sale by measure of light salt.

22. I have prepared a statement* showing the price of salt at each of the centres at which we made experiments as to the weight, and inquiries as to the selling price of salt. I have added the results of my own inquiries at Adoni made during the Christmas holidays, and of Mr. Dane's inquiries at Hyderabad. The actual weight of a measure of salt was ascertained in each case by experiment, and the price to the consumer per maund, and the number of seers of 80 tolas purchasable for a rupee, has been worked out arithmetically. With the single exception of Hyderabad the price of salt was highest in the town of Bombay. The price of Bombay salt at Poona was considerably higher than it was at Bangalore. At Adoni, where salt is sold by weight, the price of Madras salt was Rs. 3-2 per maund, while at Bellary which is 2 miles nearer Madras than Adoni, and salt is sold by measure, the price of Bombay salt, the only salt in the market, was Rs. 4-3-6 per maund. At Podanur, where Bombay salt only is sold, the price was a good deal higher than that of Bombay salt at Salem, which is 95 miles further from Calicut, the

* Pages 103-105.

port of import. At Salem the price of Madras salt was higher than it was at Erode, which is 36 miles further from Madras. But the most remarkable results were those obtained by Mr. Dane at Hyderabad, 491 miles from Bombay, where the price of Bombay salt was considerably higher than it was at Bellary, which is 580 miles from Bombay. The Bombay salt which Mr. Dane purchased was, however, salt of a superior quality which was not even exposed for sale in the shop. The price of Madras salt in Hyderabad was also exceedingly high. Hyderabad is only 291 miles from Chinna Ganjam, a factory under the monopoly system. Adoni is 307 miles from Madras. Salt is sold by weight at both places, and yet the price of Madras salt at Hyderabad was nearly Re. 1-8 per maund higher than at Adoni. The price of salt at Hyderabad and Secunderabad in 1900 and 1901 before the duty was lowered was 9-48 and 9-14 seers, respectively, to the rupee. There must, I submit, have been some special cause for the state of prices at Hyderabad.

23. In the years 1887 to 1890 the Secretary of State and the Government of India noticing the enhancement of the prices of salt in the Madras Presidency called for reports, as a result of which the excise system was discredited, and it was decided to open factories under the monopoly system in order to keep down prices. A statement showing the course of prices was appended to the order of the Madras Government printed in the Government of India Proceedings Nos. 815-822 of December 1891. The prices of the years 1888, 1889, and 1890 were compared with those of 1878, 1879, 1880, and 1881. In the statement annexed,* I have taken the average of these figures and added a column showing the average prices in each district for the years 1899, 1900, and 1901, the latest figures to which I have access. It will be observed that in all the districts to which Bombay salt comes, except Malabar and Bellary, even with the existing conversion table, which understates prices very greatly in districts in which light salt is sold, there has been an increase of price. It is clear from the Administration Reports that the Bellary figures for 1899, 1900, and 1901 refer only to Madras salt, and that they should therefore be rejected, for the average price in seers of 80 tolas for Bombay salt, which is chiefly consumed, is much higher. The average price of the salts tested by us while under sale in Calicut was 11-04 seers per rupee. All the figures in the statement require very considerable correction owing to the impossibility of relying upon the conversion table as the following figures will show. These figures have been prepared from the Madras Salt Administration Reports, and show the results obtained by experiments made by selected officers of the Salt Department. The experiments were stopped after 1898-99 as it was found that they were not being conducted with accuracy and the necessity for their collection had ceased. At any rate the number of seers per rupee is overstated rather than understated. I have also annexed the results obtained by ourselves:—

DISTRICT.	AVERAGE OF YEARS.			RESULTS OF EXPERIMENTS	
	1896-97.	1897-98.	1898-99.	1903-04.	
	In seers of 80 tolas per rupee.				
Bellary	10-30	10-41	10-83	{ Madras salt	12-8
Anantapur	10-89	10-75	11-11	{ Bombay salt	9-48
Kurnool	10-85	10-75	11-11		
Coimbatore	11-25	11-33	11-36	{ Bombay salt	12-0
				{ Madras salt	13-02
Salem	11-00	10-91	11-12	{ Bombay salt	10-56
				{ Madras salt	13-10

It must be observed that the figures ascertained by us were obtained in towns on the railway lines, and would naturally show prices to be lower than the district averages.

It will thus be seen that the price of salt has increased largely in the districts which consume Bombay salt since 1888, 1889, and 1890, when the increase in the price of salt attracted the attention of the Secretary of State, but owing to the impossibility of obtaining accurate statistics under the present system of sale by measure, the fact has entirely escaped notice. The annexed statement prepared from the Report on Prices and Wages in India shows that the

average price of salt has risen in every inland district in the Presidency. The averages are for 1879 to 1881, and 1896 to 1901:—

	1879 to 1881.	1896 to 1901.
Coimbatore	11-96	10-89
Salem	12-33	11-19
Bellary	12-91	12-40
Anantapur	13-98	11-45
Cuddapah	12-33	12-09
Kurnool	12-01	10-64
Trichinopoly	12-25	11-87
North Arcot		11-93

This can only be attributed to the enhanced cost of light salt: the inaccuracy of the conversion tables does not affect these figures.

24. In addition to the actual cost of producing light salt the consumer has also to pay increased cost of carriage for his salt. For the fact that Bombay light salt can compete with Madras salt in the Bellary and Anantapur districts little more than 200 miles from Madras, and more than 600 miles from Bombay by the Southern Mahratta Railway, makes it obvious that the consumer has to pay for the carriage of his salt over a distance of 400 miles unnecessarily. It is nothing but the lightness of the salt which enables it to compete, as is shown by the fact that Bombay salt is not sold by retail in the town of Adoni where salt is sold by weight. If there really existed the preference for Bombay salt on the part of the consumer upon which my colleague's Report is based, it would be sold by retail in Adoni.

25. My colleagues have arrived at 2 annas as an estimate of the extra cost of his annual supply of salt to the consumer of light salt. This sum is small to the individual, but spread over the whole of the population of the Madras Presidency, Mysore, and Coorg, it amounts to a very large figure. If sifting and drying on the ridges are to be permitted in Bombay, these privileges cannot be denied to manufacturers in Madras, and generally throughout the whole of the Madras Presidency salt will be lighter and dearer than it is at present. At 2 annas per head, which is in my opinion an underestimate, the amount of duty involved is over 10 lakhs of rupees per annum. Any means of increasing the lightness of salt will increase this amount. I have no hesitation in saying that sifting salt and drying salt on the ridges are unsafe even in fenced factories, and that if these processes are allowed in the Madras Presidency, and the lightness of the salt is increased thereby, the cost to the consumer will steadily increase, and the revenue will fall. Salt should reach the consumer with as little addition as possible to the cost of production and the tax levied by Government. Any means by which the lightness of salt is increased adds unnecessarily to the cost price where salt is retailed by measure. The ability of the State to enhance taxation is *pro tanto* reduced whenever the sale price of salt is increased without reference to the duty. The salt tax should fall equally upon all, and it does not fall equally upon persons who have to buy by measure, and persons who are able to buy by weight.

26. I have omitted to point out that it is not asserted that the trader makes unusual profits by selling light salt. The profits are no greater than those made in any other trade. But he makes a profit by selling light salt in a market in which his salt would be unsaleable, if salt were sold by weight. The railways are thereby enabled to make an unnecessary profit out of salt. The wholesale price of light salt is always greater than that of heavy in the Madras Presidency, as it gives more measures per maund. Thus a wagon load of light Madras salt at the Madras salt depot often commands a profit of from 2 to 4 annas a maund before it has left the depot. If the number of tolas in a measure of Bombay salt, say, at Salem be 125, and the price annas 2-3, it does not follow that 125 tolas of salt is the quantity which would be sold for annas 2-3 if sale were by weight; 140 tolas or more of Madras salt would be obtainable if the results of our experiments are worth anything.

The one idea of the trader being to obtain a light salt the whole salt trade becomes a gamble. If a man can obtain salt which is light, he makes

a profit, if his salt turns out to be heavy, he loses. Every weighing, check weighing, and reweighing of salt injures it by crushing the crystals, and the salt merchant spends much time in endeavouring to save his salt from handling. This applies to Bombay as well as Madras salt, and I have been informed by Madras merchants that the struggle is a very anxious one. Even on the West Coast I am informed that the agents of the Bombay merchants are becoming weary of the constant anxiety thrown upon them by having to prevent any but the bags of lightest salt from being sent to Coimbatore and Salem. Some of the Madras merchants and manufacturers are now beginning to petition that the sale of salt by weight may be made compulsory by law, and in Nanguneri, a town in the Tinnevely District, a merchant has introduced retail sale by weight.

Salt is already sold by weight in a very great part of India and it is only in part of Bombay, Madras, Mysore, and parts of the Central Provinces and the Nizam's Dominions that it is sold by measure. For this reason I cannot believe that there would be any difficulty in introducing sale by weight. Nor do I think that it would lead to much oppression. I believe that it would be accepted without difficulty, and that such oppression, as it might lead to during the initial stages, would be worth risking in consideration of the benefit to the consumer, and to the State.

27. The interference of the State in the salt trade in India is already so great that I do not think any objection would be taken to the introduction of what is after all merely the natural corollary of the system of weighing by which salt is issued from Government works. The State sells by weight, and all transactions down to the retail sale are made in terms of weight; the statistics also are kept in terms of weight. What stands in the way of the further step except a custom of trade, which is by no means general, and which is injurious both to the State and the consumer? I can see no reason why the sale of salt in retail transactions of a certain amount should not be made compulsory by law, the measure being introduced gradually in the larger towns. At present salt, in the very smallest quantities in which it is sold, is neither weighed nor measured.

The Government of Mysore strongly favours legislation, though the Resident is opposed to it.

28. In any case sifting of salt before storage should not be allowed. If there is any real demand for sifted salt, the manufacturers would sift duty-paid salt for the benefit of the few rich people who were prepared to pay for it.

Statement showing the price of salt at certain centres. (To accompany paragraph 22 of the President's Minute of Dissent, Chapter VII.)

	Description of salt.	Weight per measure.	Number of measures per maund.	Price per measure.	Cost per maund to consumer.	Score of 80 tolas per rupee.
BOMBAY.						
Shop I	White	4 5	19-0	4 0	4 12 0	8-42
	Grey	4 15 1/2	16-5	4 0	4 2 0	9-69
Shop II	White	4 8	18-2	4 0	4 8 10	8-78
	Grey	5 1	16-2	4 0	4 0 10	9-87
Shop III	White	4 8	18-2	4 0	4 8 10	8-78
	Grey	5 3 1/2	15-7	3 6	3 6 11	11-65
	Liverpool	5 14	14	4 0	3 8 0	11-43
	Daragare	8 1 1/2	10-2		Not on sale.	
POONA.						
Cantonment	Two salts from different factories.	2 2	38	1 9	4 2 6	9-62
Town shops	Two kinds	2 4	36-5	1 7 1/2	3 11 3	10-81
				1 9	3 15 10	10-02

Statement to accompany paragraph 22 of the President's Minute of Dissent,
Chapter VII—contd.

	Description of salt.	Weight per measure.	Number of measures per maund.	Price per measure.	Cost per maund to consumer.	Seers of 80 tolas per rupee.		
SHOLAPUR.								
Bazaar	Pen salt	145	22.0	3 0	4 2 0	9.60	At Sholapur within the bazaar salt is sold by weight. It is only sold by measure to be sent to neighbouring villages and districts. The prices are Pen 17½, Bhaindur 16, Madras 14½ per seer or Rs. 4-1, Rs. 3-12, and Rs. 3-4-6 per maund.	
	Bhaindur	130	23.0	3 0	4 5 0	9.27		
	Madras	162	19.7	3 0	3 11 1	10.63		
	Large grained Bhaindur.	133	24		4 8 0	8.88		
	Kharaghoda	208	15.3	No price quoted.				
BIJAPUR.								
Market	Grey	133	24.2	3 0	4 8 7	8.81	The black salt is sold only for use in Hyderabad territory. It is very bad refuse.	
	Black	135	23.7		4 7 1	9.00		
ADONI.								
Shop I	Cavelong white.	96 to 98	33.8	1 6	3 2 0	12.8	Salt is sold for local consumption by weight and for sale outside the town by measure. This salt was bought before the duty fell and was not on sale. This shop-keeper really sells at 4 pice per seer weight of 21 tolas and 14 annas per maund of 24 pounds or Rs. 3-2-9 in small quantities and Rs. 3-0-0 per maund of 52½ pounds.	
Shop II	Tada white	96 to 98	33.3					
Shop III	Bombay coarse grained.	75	42.6	Not stated				
	Madras white depôt.	93	32.6	Do.	...	12.3		
BANGALORE.								
Shop I	Bombay	81	39.5	1 7	3 14 6	10.24		
	Madras	97	33.0	1 4	2 13 2	14.54		
Shop II	Bombay	88	36.8	1 8	3 12 6	10.59		
	Madras	96	33.3	1 5	2 15 1	13.61		
Shop III	Madras	103	31.0	1 6	2 14 6	13.94		
Shop IV	Madras	99	32.3	1 6	3 0 6	13.19		
	Bombay	91	36.4	1 8	3 10 7	10.92		
CALICUT.								
Custom House	Bombay, Mora	58½	54.4	Not on sale.			We were informed that retail prices were As. 1-1 and As. 1-2 per local measure, the higher price being charged in the parts of the town most distant from the Custom House.	
Shop I	Bombay	58	55.1	1 0	3 7 1	11.61		
Shop II	Bombay	58	55.1					
Shop III	Do.	63	50.7	1 2	3 11 1	10.84		
Shop IV	Do.	Not weighed.		1 2		...		
	Do.	62½	51.4	1 2	3 11 10	10.69		
PODANUR.								
Shop I	Bombay	75	43.3	1 6	4 0 0	10	The wholesale price of all these salts was said to be the same, viz., Rs. 3-4-0.	
Shop II	Do.	97	47.7	1 6	4 7 0	8.95		
Shop III	Do.	73	43.8	1 6	4 1 8	9.74		
ERODE.								
Several shops	Madras	77 to 79	41.25 to 41.5	1 2	3 0 1 to 3 0 6	13.31 to 13.19	One shopkeeper said he sold at 1 anna 1 pie per measure. He could not do so at a profit at the price at which wholesale merchants were selling.	

Statement to accompany paragraph 22 of the President's Minute of Dissent,
Chapter VII—contd.

	Description of salt.	Weight per measure.	Number of measures per maund.	Price per measure.	Cost per maund to consumer.	Seers of 80 tolas per rupee.
SALEM.						
		tolas		a. p.	R a. p.	
Several shops	Bombay	121	26.4	2 8	3 11 4	10.73
	Do.	125	25.6	2 4	3 12 1	10.63
	Do.	123	26.0	2 4	3 12 7	10.37
	Do.	123	26.4	2 3	3 11 5	10.77
	Do.	118	27.1	2 8	3 12 11	10.50
One shop	Taticeerin	131	24.4	2 0	3 0 4	13.24
	Madras	140	22.8	2 2	3 1 4	12.97
	Bombay	120	26.6	2 8	3 14 1	10.30
MADRAS.						
	Depôt	132	24.24	1 7	2 8 4	16.69
				to	to	15.80
	Cavelong	123	25.0	1 8	2 7 7	16.16
				to	to	15.29
	Depôt	136	23.5	1 7	2 5 2	17.21
	Cavelong	126	25.4	1 8	2 10 4	15.11
This man buys a rupee's worth 10½ measures, and sells at a profit of 1 pie per measure.						
A well-to-do shop.						
BELLARY.						
	Bombay	Not weighed.	Said to be 45	1 6	4 3 6	9.48
No Madras salt on sale.						
HYDERABAD.						
	Hyderabad	Madras	...	...	4 9 1	8.75
		Bombay	...	...	5 2 3	7.78
	Secunderabad	Madras	...	...	4 0 0	10
		Bombay	...	...	5 0 0	8
		Do.	...	...	4 7 1	9
		Baragata	...	...	3 0 0	8
Sold by weight.						
3 annas for 2½ lbs. 6oz.						
2 annas for 2½ lbs.						
These figures are derived from quotations of prices in terms of so many seers to the rupee.						
H. URADLEY.						



Statement showing the average retail price of salt in certain districts. (To accompany paragraph 23 of the President's Minute of Dissent, Chapter VII.)

Average retail prices of Salt (in seers to the rupee).

	1878, 1879, 1880, and 1881.	1888, 1889, and 1890.	1890, 1900, and 1901.
Ganjam	11.74	11.37	10.15
Vizagapatam	10.63	11.27	13.10
Godavari	12.41	11.77	12.39
Kistna	12.84	13.13	13.19
Nellore	12.77	12.31	12.81
Cuddapah	13.84	12.41	12.13
Anantapur	12.53	11.44	11.48
Bellary	11.88	11.88	12.72
Karnool	12.0	11.48	10.56
Madras	13.8	12.56	13.09
North Arcot	12.06	11.37	11.99
South Arcot	14.57	11.66	13.19
Tanjore	12.61	12.61	12.92
Trichinopoly	12.2	12.53	12.15
Madura	13.54	13.45	13.12
Tinnevely	14.26	14.58	14.11
Coimbatore	11.83	12.05	11.08
Salem	12.21	13.41	11.30
South Canara	11.65	13.25	11.94
Malabar	10.23	11.86	12.40

H. BRADLEY.

CHAPTER VIII.

THE MANUFACTURE OF "LIGHT" SALT IN BOMBAY AS AFFECTING THE REVENUE.

1. In the foregoing Chapter we have discussed the proposal that the sale

Scope of the reference.

of salt by weight should be made compulsory by law, and in so doing have considered how far the manufacture of light salt affects (a) the consumer, and (b) the revenue in so far as it is alleged that a diminution of consumption may follow upon the substitution of light for heavy salt. But we have also been directed to consider whether the actual processes of the manufacture of light salt are dangerous to the revenue, and, if so, whether they should be modified or restricted; that is to say, whether, during the different stages incidental to the manufacture of light salt, it is possible to enforce such precautions as are necessary to protect the salt, and whether, as a matter of fact, this is done.

2. The manufacturers in the Bombay factories attempt to preserve the methods of producing light salt as trade secrets, and there is some difference of

Processes involved in the production of light salt.

opinion among departmental officers as to the relative importance of each stage, but the main processes may be thus described:—

- (a) The more elaborate preparation of the pans. We were informed in Bombay that while an ordinary pan might be got ready in ten days, from fourteen to twenty-five days might be spent in working up a bed designed to yield good light salt.
- (b) The careful admission of brine of proper density into the pans in single shallow irrigations, at one time and not at intervals. The depth of brine required is said to vary with the soil of the pans, the state of the weather, etc.
- (c) The skilful raking of the crystals as they form.
- (d) The thorough drying of the salt scraped, in thin layers affording a good exposure to the sun without damage to the crystals.
- (e) The sifting of the salt through sieves of varying mesh. Five grades of salt for trade purposes are recognized, and there may occasionally be more.
- (f) The storage of the salt in small heaps so as to save the crystals so far as possible from crushing.

The manufacture of good light salt is not a matter which even in Bombay can be attained with little effort. It involves more labour, more skilled supervision, and more expense than the ordinary processes. The excise licensees in the neighbourhood of Bombay are in the habit of importing for the season gangs of specially skilled workmen (Kharwars) from Surat, and the employment of these men is considerably more costly than that of the local labourers. The latter, in addition to the actual manufacture of salt, repair the works, embankments, etc., and thatch and unthatch the heaps, taking a share of the sale-proceeds when the salt is disposed of. The former merely make the salt, and demand for their services a cash payment of about R60 per head. Their headmen receive as much as R75, and a payment (not exceeding R1), for each member of the gang.

3. It is obvious that of the different processes involved, the laborious

The relation of such processes to the safety of the revenue.

preparation of the pans, the regulated admission of the brine, and the raking of the crystals during formation, do not affect the question whether the manufactured article is, or is not, secure against malpractice. The points of danger in this respect are the drying of the salt upon the ridges of the pans; the sifting of the salt into different grades; and the storage of the salt without weighment so that there may be the minimum of handling and crushing. The various objects sought to be attained in addition to the production of a salt which is light and which will measure

well, are (a) the greater dryness of the salt; (b) the classification of the salt in grades according to the size of the crystals, thus producing a salt answering a specific trade definition and capable of being despatched to the market whose demand it best suits; and (c) the protection of the crystals from such damage as may detract from the market value of the salt. In discussing the conditions under which these processes are carried out, some comparison becomes necessary between the salt works in Bombay and Madras and between the means adopted in each to ensure the safety of the salt after manufacture and prior to its issue upon payment of duty.

4. The contention that the precautions observed at the salt works in Bombay are not such as to ensure an efficient control over the salt produced

Mr. Merriman's Report.

was prominently urged by Mr. Merriman, an officer of the Madras Salt Department, who visited Bombay in 1899-1900 with the object of gaining acquaintance with the methods of making light salt. We may say at the outset that in our opinion the general tone of his report is such as to convey to any one unacquainted with the actual conditions an exaggerated impression of the greater physical security of the salt factories in Madras in comparison with those in Bombay. The report may be held to imply that the quantities of Bombay salt illicitly passed out of the works are so great as to give an appreciable advantage to the trade in its competition with Madras. We understand that this suggestion was not intended, and in any case we consider that there is no foundation for any such allegation.

5. The main points of difference characteristic of the works in either Presidency, are the following. In Madras, the factories are scattered along the eastern coast line, many of them being in localities

Physical characteristics of the salt works in the Madras and Bombay Presidencies.

difficult of access, and the Inspectors and Assistant Inspectors in charge of them have usually heavy excise duties which necessitate the absence of one or the other of them on tour during the greater part of each month. The charges of the supervising officers are large and scattered, and they too have excise as well as salt duties to perform. In Bombay, the majority of the works are concentrated within a short radius of Bombay town and permit of sudden and unexpected visits of inspection. The customs duties of the Assistant Collectors in charge of the ranges in which the principal works are situated are exceedingly light, and they are therefore able to devote nearly their whole time to salt. In a Madras factory, the reservoirs, condensers, and pans cover a continuous stretch of ground surrounding a few central platforms for storage and drying purposes; in Bombay, a factory is usually made up of many works, the reservoirs, condensers, and pans of which are intermingled with one another; there are no special drying grounds, and storage spaces being attached to each work, are far more numerous and scattered. In Madras, the outer circuit of the factory, and the storage and drying grounds within it, are usually enclosed with thorn hedges with gates at intervals, but as we have seen in some instances, the outer hedge is not altogether an effective barrier, and in some places, owing to the unsuitability of the soil, no hedge or fence exists. The guards are concentrated upon the platforms and patrol the outer periphery of the factory. In Bombay, hedges are not planted, though the intricate encircling system of creeks and waterways affords some measure of protection in many places against theft except by means of boats. The guards are stationed upon the platforms scattered throughout the whole area, and a system of patrols is maintained outside the factory independent of the factory establishment.

6. The salt as scraped from the pans is necessarily wet, but there are differences in the manner of exposing it to be

The process of drying.

dried by the sun. In the Bombay factories this is done by spreading the salt in thin layers upon the ridges surrounding the pans, thus securing the minimum of handling while it is wet and liable to be crushed, and exposing to the sun as large a surface as possible. At the Government factory of Dharasna the salt (as in Madras) is taken to central platforms to be dried. The drier climate of the Surat district lessens the need of drying upon the ridges, and the work, being the property of Government, was laid out with a view to the concentration of storage.

The Madras system is based upon the view that it is essential that the salt when scraped should be brought with the least possible delay to a central spot which can be fenced and upon which guards can be concentrated. Hence the salt is only allowed to remain upon the ridges until its quantity is estimated, and by the evening of the day of scraping it is removed to grounds appointed for the purpose, which are surrounded by hedges or fences. This is not the case at the factories of the Merkanam circle in the South Arcot district or at those of the Ennore circle in the district of Chingleput. In the Merkanam factories salt is manufactured under the accretion system, *i.e.*, a large quantity is scraped at one time instead of at the frequent intervals at which ordinary single irrigations are dealt with. The salt is allowed to remain on the ridges up to a limit of three days, and the licensees have been allowed to dry their salt in this manner since 1885. The Attiput and Vallur Government factories of the Ennore circle are two of those selected for the experimental manufacture of light salt by Bombay methods (*vide* Chapter VII, paragraph 7), and the drying of salt upon the ridges is permitted there for ten days at a time. At the Kattur and the Vyalur factories of the same circle it is allowed for three days at a time. The prescribed term of days is practically of little importance where the accretion system is not followed, as with frequent successive scrapings the net result will be that salt is almost always on the ridges.

The advantage of the Madras system is greater security; the disadvantages involved are the damage done to the salt and imperfect drying. It is essential for the production of light, and, it may be added, of good salt that it should be thoroughly dry. A damp salt cannot be sifted. The following remarks by the Board of Revenue, Madras, on the subject of moisture, are relevant:—

"At present the moisture in salt made in this Presidency is undoubtedly excessive. The reason is that the salt is required to be stacked on drying grounds the same day as it is scraped. The drying grounds are not large enough to admit of its being stacked otherwise than in heaps of such a size that the sun cannot get in to the under layers. Moreover, as the result of a series of moisture tests made by Mr. Wilcock in 1897, the period allowed for drying has been largely reduced. This reduction has been urged by several experienced Inspectors as the reason for the salt of recent years showing an excess of moisture."

Moreover, since space is limited, fresh scrapings may be ready while the drying grounds are already full, and the salt upon them must then either be stored before it has completed the prescribed period for dryage, or manufacture must be interfered with. Again, the drying grounds are necessarily distant from many of the pans, and salt has to be carried to them while wet, and again removed when it is stacked upon the storage platforms. The frequent handling of the salt crushes the crystals, and diminishes its value in the market.

We consider that dryness is of such importance in the interests of the consumer and the trade, that no reasonable measure, which will ensure it, should be prohibited. The utilisation of the ridges is the only means of obtaining a sufficient drying area short of the provision of special grounds of a size which, in the case of the existing excise works in Bombay, would be prohibitive. The issue therefore resolves itself into whether it is possible to so guard the salt around the pans as to render it reasonably safe against theft. In Bombay, apart from supervision by superior officers, this is sought to be effected inside the factory, by the peon guards stationed upon the platforms, and, outside the factory, by the guards who search boats leaving it. If these men do their work properly the fraudulent removal or theft of salt upon any considerable scale can, in our opinion, be prevented. We admit that the danger of illicit practices, when quantities of salt lie loose over an extended area, must always be greater than if the salt were heaped in a few enclosures, but the question is really one of the counterbalancing of comparative advantages and disadvantages. In our opinion the risk of pilfering, which undoubtedly exists under the Bombay system, should be accepted as a practical necessity in view of the benefit to the consumer from the provision of salt of a quality which is certainly good and which, as we have already shown, he appreciates (*vide* Chapter VII, paragraph 14).

Any special establishments which it may be necessary to entertain to guard the salt drying on the ridges should, in our opinion, be paid for by the licensees

for whose benefit they are entertained. The cost involved is not likely to be heavy. In the Madras factories of the Ennore circle, at which drying on the ridges has been permitted, the small special staff shown in the margin was employed.

We think, however, that more attention might well be paid in Bombay to the matter of fencing, which should be erected wherever natural hedges can be grown. We may particularly instance the Matunga factory, as one undesirably exposed upon the land side, and at which the close proximity of a profitable market in Bombay town offers special temptations for the removal of salt. Entry and exit should be by specified routes, and persons leaving the works should be searched. Subject to these remarks, however, we do not consider that the system of drying salt adopted in Bombay entails any risk to the revenue greater than may properly be accepted in consideration of the advantages which it secures, and we observe that the Madras Government, referring to the results of the system of drying upon the ridges permitted in the Merkanam and Ennore circles, remarked that the advantages had been such that the question of its general adoption was then under their consideration.

Letter of the Government of Madras, to the Government of India, No. 775, dated the 30th August 1901.

7. In the factories of the Bombay Presidency, the sifting of salt after storage appears to have been allowed at one time, but it was prohibited many years ago.

Sifting before storage has always been permitted, but the practice has only attained its present dimensions within the last twenty years. In Madras, about the year 1894, permission was given, as an experiment, to sift salt after storage in certain factories and at the Madras depôt, but the concession was in force for a few months only. The sifting of unstored salt was permitted generally throughout the Presidency in 1891, but the orders were cancelled in 1896, although an exception was made in the following year, subject to payment by the licensee for any additional guards required, in favour of sifting in the course of any process which at the same time removed impurities and moisture. At the present time the only licensees enjoying the right to sift salt are the Oriental Salt Company, who are allowed to do so in the course of their special processes for the treatment of salt.

With reference to the possible danger to the revenue involved in the process of sifting, it is obvious that the salt when dried must be carried to the final storage place, and to throw it through a series of sieves previous to heaping merely prolongs the operation of storage by a few hours. The salt passes through a few additional hands, but sifting is conducted immediately below the storage grounds upon which the guards are stationed, and in the presence of a sufficient number of people to render even petty pilfering at this stage unlikely. Where there are central drying grounds the sifting would to some extent retard final storage, and in the meantime salt, which is at present kept in stamped heaps, might be left loose upon the grounds. Additional guards, however, could prevent any serious danger.

8. In the matter of the storage of salt there are considerable divergencies between the Madras and Bombay systems.

In the former Presidency stocks are kept upon central platforms usually adjoining the drying grounds and, like them, surrounded by fences and gates. A different procedure obtains in the four factories of the Ennore circle, where salt is heaped temporarily upon the open banks of the canals traversing the works and removed thence in bags by boat to a central depôt in the Madras town. In Bombay, each work is allowed one or more storage platforms adjacent to its pans; the grounds are not fenced, and are scattered about the works. The only exceptions are at the Government work of Dharasna where central storage spaces have been provided as in Madras, although there are no fences; at the excise work of Sanikatta in the district of North Canara, which was originally a Madras work and where the principle of central storage has been maintained; and at Shiroda in the Ratnagiri district (also under the excise system), where, on account of its isolated position, bamboo fencing round the platforms has been insisted on.

The Madras practice is undoubtedly the better one, but its adoption in Bombay is apparently impossible unless legal power be taken to compel the excise licensees to remodel the whole group of works so as to provide central storage grounds. It may be possible to realign and to some extent to regroup the existing platforms so as to facilitate their supervision, and we understand that the advisability of so doing is recognised by the local officers and improvements are effected as occasion may offer, but any wholesale re-arrangement of the works would involve a more drastic interference with the vested interests of the licensees than we are prepared to recommend.

9. The essentials of an efficient system of storage and issue of salt are that the quantity in stock should be known; that a secure guard should be maintained

Storage by weighment or on estimate.

over the stores; and that the salt should be issued only under proper supervision and check. In Madras all salt is weighed as it passes into store; weighment is so conducted that the responsibility for its accuracy can be traced to one officer; the heaps are of specified sizes and are occasionally reweighed as tests; and a record is kept of the conditions of weather, etc., likely to affect the salt in store, in order to enable a judgment to be formed of the reasonableness of the wastage found when the heap is finally cleared. The check is no doubt valuable, but weighment into store is only possible where there is central storage. With storage in progress at a few centres only, an efficient establishment can be concentrated at each at a reasonable cost; with storage going on at the numerous platforms characteristic of the Bombay factories, the expense would be prohibitive. Complete dependence, moreover, cannot be placed upon the check owing to the uncertainty attaching to the rate of wastage. It is practically impossible to absolutely define what the rate of wastage for a given quantity of salt should be, as the rate necessarily varies according to the climatic conditions under which the salt may have been made, stored, or issued, and with the quality of the salt itself. Neither in Madras nor Bombay is all the salt produced of uniform character or quality, and even in the Calcutta golas in which the salt is stored in buildings where it is protected from sun and rain, the rates of wastage of different kinds of salt show widely divergent results.

In Bombay, on the other hand, the contents of the heap are estimated as it is stored; then follows measurement by chain, rectified at intervals during the period of storage by additions and subtractions on account of estimated gain or loss. The result is a complicated system of account, and not infrequently a final result on clearance of the heap which is widely different from the estimate. The system is criticised in detail by Mr. Merriman in paragraphs 20-29 of his report dated the 27th March 1900, and we agree that, as the accounts are kept at present, no reliance can be placed upon them as a check upon fraud. We certainly think also that they should be in English, not vernacular. It is understood that an improved system of account is now under trial, though so far experiments on a small scale only have been made with the revised forms. We recommend that the question be dealt with at an early date. The original estimate of the contents of each heap should be made by a competent officer, and that estimate should be carried upon the books unaltered until the heap is cleared. Notes should be kept of climatic or other conditions likely to affect the results, but the wastage should be calculated upon the original estimate of the heap less the quantity actually issued, and the results reported to the Assistant Collector in charge of the range, by whom they should be closely scrutinised.

Any scheme of accounts, however, is valueless if a heap is of such a size as to permit of its clearance without check by a responsible officer between storage and sale. In Madras, heaps are of the size of 1,200, 2,400, and 3,600 maunds; in Bombay, the rules prescribe a minimum size of 120 maunds. We consider that

* This is not always possible in dealing with petty licensees whose total outturn of salt is small.

this is too low, and that whenever* practicable, 500 maunds is the minimum which should be allowed. At present we understand that when sales are brisk, it is practically possible for a heap to be thrown up, passed as 120 maunds, and issued before it is possible that any officer, other than a *sazadar* on Rs 40 to Rs 50 a month, can check it. The defect seems a serious one. Heaps should be of such a size as to render this impossible, and should in all cases be traceable through the books. At present the latter process is one of time and difficulty.

As long as the arrangements for guarding the factory are efficient, we think that the Bombay system of storage upon estimate and not on central platforms, with the modifications we have suggested, will sufficiently meet the practical requirements of the case. We admit that the Madras procedure is preferable, but the difficulties in the way of its introduction in the excise works in Bombay are, in our opinion, insuperable.

10. The greatest danger in the management of salt works lies in the possibility of the over-issue of salt upon which duty is supposed to have been paid.

The issue of salt from the works.

It is difficult if not impossible to tamper with closed heaps without detection, and thefts from open heaps can only be effected if the guarding establishment is inefficient. In Madras, except in the case of salt actually leaving the factory by rail, which is weighed upon weighbridges, salt is weighed for issue by petty officers, and the weighments are checked to the extent of 15 per cent by the Inspector or Assistant Inspector in charge of the factory. In Bombay, the salt is weighed by two clerks in the presence of the licensee and purchaser, and all four are jointly and severally liable to legal or departmental penalties in the case of fraud or mistake. The weighments are checked to the same extent of 15 per cent by a preventive officer outside the factory and independent of its staff. Check weighments are also made inside the works by the superior officers of the Department. It does not appear to us that the procedure for the issue of salt in Madras is superior to that in force in Bombay, and the procedure in either case, if properly carried out, should ordinarily ensure the safety of the revenue.

11. Subject to the modifications and restrictions which we have suggested

Conclusion.

above, we do not think it is necessary, for the safety of the revenue, to attempt to interfere with the operations of the salt manufacturers in Bombay or to prevent them from producing salt of any degree of lightness which they may think proper.

MINUTE OF DISSENT BY THE PRESIDENT.

1. I regret to find myself unable to agree with my colleagues in all the conclusions at which they have arrived upon the subject of the manufacture of light salt in Bombay. The strictures which they have passed upon Mr. Merriman's report appear to me undeserved. As a Madras officer, who had never seen salt manufactured otherwise than in fenced enclosures, it seems to me natural that he should have been greatly astonished at the Bombay system, and his report was intended for submission to an officer well acquainted with the subject of the manufacture of sea salt, upon whom a false impression would not be likely to be made. It distinctly impugns the security of the salt works in Bombay, but I do not think it was intended to suggest that the trade was able to obtain duty-free issues of salt.

Remarks on Mr. Merriman's report.

2. I cannot agree with my colleagues that drying upon the ridges should be permitted. The presence of unascertained quantities of unstored salt all over the pans for months together must be a serious danger to the revenue, and I do not think that the result obtained, *viz.*, the alleged superior dryness of the salt, can compensate for the risk run. Unfortunately our records are very incomplete upon the subject of moisture in salt. The analyses frequently show a considerable percentage of moisture in Madras salt, but it must be remembered that samples of Madras salt are taken for analysis at the time of storage, and that it has been demonstrated that the percentage of moisture in salt, which has been some time in store, is considerably reduced. The Bombay samples analysed in Madras are taken from the salt exposed for sale in the markets, and some of them show considerable amount of moisture, *vide* samples of 1890 and 1891 in Appendix XII.

Drying on the ridges.

I am inclined to believe that light salt contains more water in its crystals than heavy salt, but this is a question which I have not yet been able to fully investigate. At any rate the lightest of the Bombay salts, the analyses of which are attached to Mr. Merriman's report, were by no means the driest; *vide* the same Appendix.

3. Sifting is also dangerous to the revenue, but if salt is allowed to lie upon the ridges all over a factory, the process of sifting will not add to the danger.

Sifting.

Mr. Pedder's report, paragraphs 38, 41, 155 and 183, seems to show that there was no sifting before storage in his time. The whole question, however, is one which depends upon the degree of confidence which can be placed in the factory guards. I have referred to sifting in its effect upon the consumer in my minute of dissent from the previous Chapter.

4. As to storage, it must be clear that unless there is a proper stock account there cannot be a complete check over the issues of salt. I cannot regard a

Stock accounts and wastage.

stock account based upon the estimation of the contents of a vast number of small heaps of salt as a satisfactory one. A comparison of the wastages recorded at the Government factory at Dharasna, and at the excise works will show that it is possible to control wastages, under a Government system of central storage, much better than under the arrangements in force at the excise works. The average rate of wastage at Dharasna during the six years ending 1902-03 was 2.7 per cent, at the excise factories it was 9.1 per cent. The proportionate excess in the wastage of the excise salt over the Government salt amounts during the six years to over 33 lakhs of maunds. It is true that the rainfall at Bombay is heavier than that at Dharasna, but the latter is considerable. It was 74.23 inches in 1902, and 81.98 inches in 1903, at Bulsar within a few miles of Dharasna. I cannot approve of any system short of weighment into store.

5. It is necessary also that, if sifting is to be allowed, the accounts should show the quantity of each class of salt

Incompleteness of present accounts.

produced. At present no such account is maintained, and no one knows what kind of salt is contained in a heap until it is opened. Licensees are supposed to be allowed to have one heap of salt of each kind open at the same time on each storing platform. As often as not, at

present, all the open heaps may be of the same kind of salt. All salt including the "refuse" should be stored as soon as it has been sifted. All storage should be concentrated.

6. I cannot see why a licensee, whose outturn is small, should be allowed privileges which are not allowed to other licensees. If a man cannot make up

Joint storage.

a heap of salt, he should be required to store jointly with some one else, as is done in Madras.

7. With regard to wastage I would observe that if it were possible to define "what the rate of wastage for a given quantity of salt should be," it would be dangerous to do so. It would inevitably lead to that rate being worked up to in every case.

Dangerous to lay down rates of wastage.

8. There are several other matters in which in the endeavour to obtain a light salt the safety of the revenue is in my opinion not sufficiently considered

Details of danger in Bombay.

in Bombay. For instance, the 'Kharwars' from Gujarat are allowed to live in the pans. In fact, with these men, the families of the guards, and boatmen, who are allowed to be in the Bombay works at night, drying on the ridges must be much more unsafe than it is even in Madras, where no one but the guards is allowed in the pans at night, and where the guards at each post are constantly changed.

9. I do not consider that the drying of the salt on the ridges at Ennore ought to be permitted, as, even with fences, the practice is unsafe. The cost of the additional guards required to guard such salt in a fenced factory in Madras can be no criterion of what additional guards would be required in an unfenced factory in Bombay.

10. I am not aware of the extent to which guards outside a factory in Bombay search boats leaving it. But I understand that there are no regular boat patrols round the Bombay factories, and that boats do enter and leave the factories at night. When unstored salt is drying all over the factory, this practice must be unsafe.

Danger from boats leaving factories at night.

11. For the above reasons I consider the manufacture of light salt as practised in Bombay is dangerous to the revenue, and for this reason, and for those recorded

Conclusion.

in my minute of dissent from the previous Chapter, I am unable to agree with my colleagues that the risk should be accepted.

H. BRADLEY.

CHAPTER IX.

INLAND BONDED WAREHOUSES.

1. The reference to the Committee on the subject of the inland bonded warehouse system raises two issues. The

Scope of the reference.

first, whether in the system as actually working in Bengal, the wastage allowance given to the bonders of salt should not be reduced: the second, whether it is desirable to extend the privilege of bonding (a) to Assam, and (b) within Bengal itself, so as to cover the case of salt imported by rail from the Madras Presidency. The second question may have a wider significance since it may lead to applications for the establishment of such warehouses in other parts of India.

2. The customs law permits bonding, and the fact that the greater part of the salt consumed in Bengal is imported

Description of the system of bonded warehouses.

by sea, and that the duty on it is levied under the provisions of the Tariff Act, has led to the introduction of bonded warehouses for salt in the province.

Act VIII of 1894, Schedule III (8).

Public warehouses for salt under the control of Government officers have been established under the provisions of section 15 of the Sea Customs Act, 1878, at the ports of Calcutta and Chittagong. Private bonded warehouses may be established under section 4 of the Inland Bonded Warehouses Act, 1896, at places other than warehousing ports, subject to the sanction of the Local Government and the approval of the Chief Customs Authority of the locality, site, and type of building to be erected by the bonder. At each private warehouse a daroga

	Monthly cost.
* Daroga	34
2 Peons @ R7 each	50
Contingencies	14
	3
	67

and two peons are entertained on behalf of Government, but at a total monthly cost to the bonder (inclusive of contingencies) of R67.* These officers supervise the receipt and issue of salt, and the warehouses may not be opened in their absence.

Salt may be stored either in a public or private warehouse under bond, and duty upon it is payable only when the salt is issued, and in the case of a public warehouse, upon the quantity actually issued. At a private warehouse a

* 2½ per cent. in the case of a private warehouse at a warehousing port. (Rule 11, Section II, of the Rules published under Bengal Government Notification No. 149 T. F., dated the 12th September 1898.)

wastage allowance is permitted, up to a maximum of 3½ per cent, on any difference actually occurring between the quantity of salt originally delivered from shipboard or the public golas, and the quantity finally cleared. Salt is consigned to an inland warehouse either direct from the importing vessel, or after bonding in the public golas. During the year 1901-02, 81 per cent of such consignments were made from shipboard direct; the corresponding percentage during 1902-03 was 55.

3. The bonding system is one of the various facilities offered by Government for the distribution of salt with the

Other facilities offered for the distribution of salt.

object of reducing its price to the consumer. Other expedients adopted elsewhere with the same object are as follows:—

(a) In Madras and Bombay systems of credit are permitted. It is open to a merchant upon deposit of Government securities up to the full amount of the duty and the execution of a bond, to take delivery of salt, and to postpone payment of the duty for a period of six months in Madras, or of two months in Bombay (three months in the case of salt exported by sea to Calcutta). A similar concession is allowed in Assam, though hitherto no use has been made of it. The period of the bond is three months, and the only departure from the system as working in Madras and Bombay is that the salt in transit through the saliferous tracts of Bengal is subject to the same checks and precautions as are applied to duty-paid salt passing through the same area.

(b) In Northern India, at the Kharaghoda Works in Bombay, and to a small extent in Madras, the "through traffic" system allows a merchant to pay into a treasury or post office the amount of duty and freight charges, and to receive delivery on the railway of the consignment ordered, direct from the source of supply and without the intervention of a middleman. The system is practicable only where the works from which the supplies are drawn are controlled by Government.

(c) Under sections 5-7 of the Inland Bonded Warehouses Act, 1896, rules have been framed in Bengal for the removal of salt upon the execution of a time bond and the deposit of securities up to the amount of the duty. The rules combine certain features of the credit systems of Madras and Bombay and of the inland bonded warehouse system of Bengal. But the salt when delivered is not entirely at the disposal of the merchant. It is required to be taken, under precautions designed to ensure its safety, to a warehouse specially licensed and open to inspection, but at which no permanent supervising establishment is posted. Storage in the warehouse must be in the presence of an inspecting officer, who is required to examine the stock in hand at least twice a month. The duty is payable in instalments: one quarter when a fourth of the consignment has been passed out; a further quarter upon delivery of one half, and so on until the expiry of the bond or final clearance, whichever may be the earlier.

(d) In Gujarat in the Bombay Presidency agencies are maintained for the sale of Government salt from the Kharaghoda works at selected stations along the line of rail. The agent is remunerated by a commission of one per cent and an allowance of one per cent for wastage.

(e) In the export of salt by sea from Bombay to Calcutta and certain selected ports of British India, an allowance is made for wastage up to a maximum of 5 per cent. In the similar case of export from Madras, salt may either be conveyed after prepayment of duty or under the credit system, with a fixed allowance of 2 per cent for wastage; or it may be carried in steamers of not less than 1,000 tons burden and (if so required) under the escort of a preventive officer, in which case duty is leviable only upon the quantity actually cleared for consumption at the place of destination.

It is to be noted that it is only under the agency system of Gujarat, and in the case of salt exported from Bombay and Madras by sea, that any allowance is made for the wastage of the salt after its original delivery from the prime source of supply, whether this be the place of manufacture, the importing ship, the public gola, or a Government dépôt. Duty is payable upon the full quantity so delivered.

The practice of bonding salt, therefore, is peculiar to Bengal, and it is advisable to examine the origin of the system and its present scope.

4. The establishment of private bonded warehouses at declared warehousing ports was authorised by section

Early history of the inland bonded warehouse system.

19, Act XXV of 1836, and in 1841 we find the Board of Customs, Salt and Opium, in a letter to Government, No. 1090, dated the 3rd August 1841, referring to the question of bonding salt as "now under agitation by merchants interested in the trade." The earliest concession in this direction seems to have been in the

form of permission to bond salt for a period of three months in private warehouses at warehousing ports, upon the deposit of promissory notes or accepted securities up to the value of the duty. The location of the warehouse had to be fixed, and a salt officer attended at the time of original storage and subsequent sales.

Under a notification of the 30th June 1847 more favourable terms were offered to persons who were able "to provide warehouses so constructed and situated as in the opinion of the Board effectually to provide for the secure

custody of salt while under bond." Such premises were to be licensed, and the necessity for the deposit of securities and the limitation of the three months' term disappeared. Provision was also made for the bonding of salt in a public warehouse at Sulkea, but it was distinctly specified that "all expenses attending the receipt, storage, custody and delivery of salt at warehouses licensed as above, or in the Sulkea golas, will be borne by the parties availing themselves of the privilege." To those who did not care to construct a licensed warehouse, the old rules of 1841 were still left open.

Under the rules of 1847, as modified by a Notification of the 14th May 1853, a considerable number of private warehouses for salt sprang up in and around Calcutta—on the Howrah side of the river from about 1858, and on the Calcutta side from 1862. The alternative of bonding in the public golas, at which duty was payable only upon the quantity of salt actually cleared and there was only a rent charge to be paid, offered superior attractions, and the private warehouses gradually disappeared as Government increased the public accommodation at Sulkea and Kidderpur.

So far bonding was in force at warehousing ports only. But the enactment of Act VI of 1863 conferred upon the Chief Customs Authority the power to license private bonding warehouses "in any warehousing port or place" (section 15), and in 1864 an application to establish a private warehouse for salt outside Calcutta was made to the Agent of the Eastern Bengal Railway, who desired to open a warehouse at Kushtia in the Nadia District, then the terminus of the line. His object was to attract traffic to the line, the idea being that country boats would bring produce to the rail-head and return with cargoes of salt, but the Board were doubtful of the legality of opening such warehouses at places other than ports, though, if legal, they considered "the extension of the warehousing system to the interior..... to be very desirable, inasmuch as it will

Letter of the Board to the Government of Bengal, No. 610, dated the 15th July 1864.

open new marts and greatly encourage commercial enterprise." The legal objection was overruled by Government, and the licensing of a warehouse at Kushtia followed in February 1866. Its career was brief, as the building collapsed in September of the same year, and was not rebuilt.

5. Under the provisions of Act VIII of 1878 the power to establish private warehouses was more strictly defined.

History of the inland bonded warehouse system.—(contd.).

Under section 14 only a Customs port may be declared a warehousing port, and under section 3 (d) a Customs port is explained to be a place declared to be a port for the shipment and landing of goods. Under section 16 private warehouses may be licensed only at warehousing ports. Under the Act of 1878, therefore, the opening of a private warehouse at a place like Kushtia would not have been possible, even had it been legal under the Act of 1863, which was perhaps open to question.

The question of opening inland bonded warehouses did not again arise until 1885, when two proposals came before the Board, one backed by the Bengal Central Railway Company and a Calcutta firm, to open a warehouse at Khulna, and a second supported by the Commissioner of the Chittagong Division, to establish a warehouse at Teknaaf in the Chittagong district. This second project was ultimately dropped, but both received the support of the Board. Government, however, pointed

Bengal G. O. No. 114 T. F., dated the 20th April 1886, to the address of the Board.

out the legal restrictions placed by Act VIII of 1878 upon the places which could be declared warehousing ports, and desired the Board to make out a case for legislation. We quote below the grounds adduced by the latter in support of their proposal:—

"At present salt is conveyed by water from Calcutta to the eastern districts by way of

Board's letter No. 706 B., dated the 17th August 1886, to the address of the Government of Bengal.

Khulna which is 115 miles by river route from Calcutta. By establishing a salt warehouse at Khulna, a quicker and less dangerous route is secured, as the salt will be carried by the Bengal Central Railway almost from the ship's side to the warehouse door..... If the business succeeds, it will be advantageous as providing a ready supply of licit salt for the

Jessore, Khulna and Backarganj districts and as opening out additional traffic for the Bengal Central Railway,....."

The result of the correspondence was the enactment of Act XXI of 1887 by the Imperial Government, providing for "the establishment of bonded warehouses at places other than Customs ports." By this time the promoters of the Khulna scheme had abandoned it, but other applications were apparently expected, and rules* were accordingly framed providing for the specific case of Khulna.

* Published in the *Calcutta Gazette* of the 5th December 1888.

No applicants for licenses came forward, and the Board expressed the opinion that the rules were not sufficiently elastic or liberal. It was not until 1893 that the Calcutta firm of Messrs. Turner, Morrison & Co. proposed to open warehouses at Khulna and Narayanganj, and a discussion of the proposed rules ensued, in which both they and the Bengal Chamber of Commerce took part. Revised rules were eventually published with Notification No. 2565 S. R., dated the 23rd April 1894, and Messrs. Turner, Morrison & Co. opened their first two warehouses at Khulna and Balasore in 1894-95. In the succeeding year the same firm extended their operations to Chandbali and Bhairab Bazaar, and in 1896-97 to Narayanganj.

It cannot be said, therefore, that the system of bonding salt up-country had so far met with much favour from the trade. While the state of the law was perhaps uncertain, there was only one abortive effort to open a warehouse, and even after the law was made clear, only one firm attempted to take advantage of its provisions. The question of granting further facilities had, in fact, already arisen.

6. In October 1893 Mr. D. R. Lyall, as Member of the Board of Revenue, examined at some length the conditions of the salt supply in Bengal, and we

quote below that portion of his proposals which was concerned with the bonding of salt:—

"Greater facilities should be given to the trade generally, so as to reduce the charges which fall on the wholesale dealer, to the lowest limit possible. At present salt is dealt with partly under the Customs Act, which affects imported salt up to the time when the duty is paid, and partly under the Salt Act, and in the case of Bombay and Madras sea imported salt, the duty is levied as excise, while on its importation here it falls under Customs rules. To make the trade more free, it will be necessary to make the Customs Act more elastic, and to give the Collector of Customs power to allow salt to be bonded in licensed warehouses under the sole control of the bonder. I do not anticipate any loss to the State from this proposal. Wholesale salt merchants are generally men of substance, and it would be the duty of the Board not to grant licenses for warehouses, and of the Collector of Customs not to accept bonds from men of straw. At present Government insists on every particle of salt paying duty before it passes out of Government control, and the loss in interest to the merchants is often great. If bonds were taken for payment of duty within a fixed time and without restricting the issue of salt under bond, Government would lose a certain amount of interest, but this would, in my opinion, be far more than covered by the increased duty which would be levied on the larger consumption, and the people at large would benefit by a reduction in price. In order to allow this, Chapter XI of the Sea Customs Act would have to be altered so as to allow goods to be bonded under a time bond with power to the Collector of Customs to extend the time. A wastage allowance of 2 per cent might be allowed in such bonds. The extension of the private bonded warehouse system has already been provided for by Act XXI of 1887, and the extension of the bonding system seems a logical sequence of that Act.

"I would allow such warehouses even at places where there was no Government officer, such as Bhairab Bazaar in the Nymensingh district, which is an important trade centre. This change in the Customs Act should be made at once....."

Board's letter to the address of the Government of Bengal, No. 63 B., dated the 28th January 1894.

The Board elaborated the details of the proposal in a subsequent letter from which we extract the following passage:—

"The Bill...proposes to allow persons who have been allowed to open private warehouses at places other than ports, to remove salt to such warehouses under a bond securing the payment of the duty at the end of a reasonable time, or when the salt has all passed into consumption (should that take place before the end of the period fixed in the bond), minus a reasonable allowance for wastage. This has been fixed in the Bill at 3 per cent as a maximum. On such a bond being given it is proposed to make the salt over absolutely to the bonder and to allow him to sell as he pleases. At present Government maintains an establishment at

each warehouse, and duty is paid on each maund as it passes into consumption. The bondholder has now therefore to pay (a) the cost of weighment in Calcutta, (b) transport charges, (c) cost of the warehouses and its repair, (d) pay and allowances of the Customs officer deputed under section 93 of the Sea Customs Act, (e) the cost of the warehouse establishment (at present Rs 1 per month), and (f) cost of weighment out and of Government supervision of this weighment. Under the proposed system he would only have to pay (a), (b), (c), and part of (f), i.e., so much as he may find necessary for his own protection."

The Government of Bengal described the measure as calculated "to protect the salt dealers from unnecessary expense and thus to facilitate the transport of salt," and recommended that effect should be given to it. After some discussion Act VIII of 1896 was finally passed by the Government of India, and rules under it applicable to Bengal were published under Bengal Government Notification No. 1440 S. R., dated the 1st March 1897.

Under section 4 of the Act the provisions of the Inland Bonded Warehouses Act of 1887, were re-enacted, but under sections 5 and 6 a time bond system was created, to the nature of the rules under which we have already referred (paragraph 3). It is noticeable that during the discussion of the Bill in Council, Sir P. Playfair on behalf of the European mercantile community observed that the European merchants, as before, would elect to continue their business under the provisions of section 4, and that even as regards the native traders sections 5 and 6 were likely to be of little use. This prediction has been fully confirmed, and the rules have since remained a dead letter. It seems to us clear that this result was inevitable. The Act, as passed and as given effect to by rule, departed considerably from the draft Bill of the Board, and the system of time bonds, in comparison with the system of inland bonded warehouses already working, offered few advantages. Under both, a licensed warehouse was necessary, and under neither was the bondholder entirely free to deal with the salt as he would. It is true that the executant of a time bond was saved the cost of a permanent Government establishment at the warehouse, and received a slight concession in the instalments by which the duty upon the salt was payable. On the other hand, he lost the wastage allowance permissible under the older bonded warehouse rules, and was required to deposit securities up to the full amount of the duty. The latter disadvantages far outweighed the concessions given.

7. Under the stimulus either of the discussions which thus took place concerning the conditions of the trade, or of the experience of Messrs. Turner, Morrison & Co. as salt bonders, a considerable advance took place in the popularity of inland bonded warehouses in Bengal from this time onwards. The year 1896-97 closed with one firm working at five centres, but in the succeeding year native bonders entered into the field, and since then development has been continuous. The quantities of salt at inland bonded warehouses upon which duty was paid since the system first started, are shown in the margin, and in Appendix XV details are furnished regarding each locality in which a warehouse has been established up to the close of the year 1902-03. There have been eleven such centres, but at Khulna, Balasore, Bhagulpur and Purulia the warehouses were closed after some experience, and at Dacca notice of closure has

recently been given. The surviving centres and the number of separate bonders working at each are as follows:—

Name of centre.	No. of separate bonders at each.
Chandbali	1
Bhairab Bazaar	2
Narayanganj	3
Jhalakati	4
Ashuganj	1
Madaripur	1

During the current year (1903-04) one fresh warehouse has been licensed at Chandpur, and another at Kamla Ghat (near Narayanganj). A warehouse was opened also at Barupur in the 24-Parganas district, but was soon closed. Since, however, the same bonders in some instances conduct operations at more than one place, the separate interests represented (inclusive of the licenses recently granted), are 11 only, and Messrs. Turner, Morrison & Co. continue to be the one European firm which has availed itself of the system. The total sales of imported salt in Bengal during the year 1902-03 amounted to 1,06,38,590 maunds. Of this quantity 20,59,253 maunds, or 19 per cent, were sold *ex* shipboard at Calcutta, Chittagong and Narayanganj: 73,39,029 maunds, or 69 per cent, were delivered from the public golas at Calcutta and Chittagong: and 12,40,308 maunds, or 12 per cent, were sold at the different inland bonded warehouses. The system does not therefore even now play a very large part in the distribution of salt in Bengal as a whole, but in the small group of districts served by the warehouses the proportion of the total supply which is derived from them is considerable, and tends to increase. These districts are Khulna, Faridpur, Backerganj, Mymensingh, Dacca, Tippera, Noakhali and Balasore. No reliable figures of the consumption of salt by districts are available, from which the quantities supplied by the inland bonded warehouses, or by despatches of salt under rowanas direct from the place of import, can be ascertained, but there is little doubt that rowana sales decline in areas in which bonded warehouses have once been established. In the same way, the opening of new bonded warehouses affects the sales of others previously licensed. Thus the trade of the former warehouse at Khulna was largely diverted to Jhalakati, and the latter centre has suffered since warehouses have been started at Chandpur and Madaripur.

8. The advantages of inland bonded warehouses may be considered from the point of view of (a) Government, (b) the consumer, and (c) the trade. Effect of inland bonded warehouses on prices. Since the object of Government was to cheapen the retail price of salt, the system should be judged by the success achieved in this respect. The interests of Government and the consumer are identical. We have been unable to obtain any figures of the quantities of salt consumed in the areas affected by the existing warehouses before and since they were opened, and a definite statement as to the effect of the system upon consumption is therefore not possible, but as regards its effect upon the wholesale price of salt, the evidence of the local officers and traders though necessarily general in character, shows that prices have fallen where inland bonded warehouses have been established. The question is complicated by fluctuations in the wholesale price of Liverpool salt in Calcutta, which during 1902-03 comprised rather over 90 per cent. of the total consignments to inland warehouses, and it is impossible to definitely assign any cheapening of rates to one cause or the other. There are obviously also many other circumstances which may affect the market, e.g., competition, the state of the stocks of salt in hand, rates of freight, etc. Figures supplied to us by the Sub-Divisional Officer of Narayanganj, show that prices,* which ranged from annas 15 to Rs 1-6-0 per

maund prior to the opening of the inland warehouses, have since varied from 12 annas to 14 annas 9 pies. At Bhairab Bazaar the variation is said to have been from Rs 1-7-0 before the warehouses there were licensed to Rs 1-2-6 subsequently. At Jhalakati it was stated by the local dealers that they could purchase salt from the bonded warehouses cheaper by one or two annas a maund than was possible when salt was brought under rowana from Calcutta, though figures of average wholesale prices for the district show a fall of about four annas a maund since the year 1897-98. The evidence of the bazaar vendors at Chandpur was to the effect that they saved 1 anna 5 pies per maund since the warehouse had been started there, but the comparison made by them was with prices at the bonded warehouses at Jhalakati and Narayanganj from which they used to obtain their salt.

It is to be observed, however, that the prices at the warehouses are not the prices at which the salt reaches the consumer or, necessarily, even the retail vendor. The bonded warehouses conduct a wholesale trade, and the course of business appears to be that while the local bazaar shopkeepers purchase from them in small quantities of ten or twenty maunds, which they probably retail

themselves, the smaller wholesale men in the adjoining country take consignments of two or three hundred maunds, passing these on to the retail vendors in their own neighbourhood. The salt, therefore, between the inland warehouse and the consumer certainly passes through one, and possibly through two or three additional hands, during which process some portion of any saving upon the original price will be absorbed.

9. The advantages of the inland bonded warehouse system to the large wholesale trader are undoubted. By the postponement of the payment of duty practically until the salt passes out of his hands, he is enabled to conduct his business with considerably less capital than would be the case had duty to be prepaid. He can consign salt from the place of import to the local market in quantities which would be prohibitive if the salt were duty paid; and in the case of water carriage (by which all the existing warehouses are served), the larger the consignment, the greater the facilities for economical, prompt, and safe despatch. Prior to the introduction of the system of bonding, duty-paid salt was for the most part forwarded to the riverain districts of Bengal as return cargo in the country boats which brought down jute and other produce. This method of conveyance was slow, and accidents were not uncommon. Salt in the large quantities delivered at the inland warehouses is now taken in steamer flats; the rates of freight appear to be slightly higher than in the case of country boats, but there is a gain in rapidity and security of transit. Lastly, but not least, the bonder gains the advantage of the wastage allowed at the time of the clearance of each consignment from the warehouse.

10. Turning to the other side of the question, the disadvantages to Government of the system consist in the loss of the duty payable upon the quantities of salt written off as wastage, and in the necessity for the exercise of supervision over the salt after it has once quitted the original source of supply up to the time when it next changes hands on its way to the consumer.

The actual quantity of salt exempted from duty as wastage during 1902-03 at the inland bonded warehouses was 25,929 maunds: duty thereon at the rate of Rs 2-8-0 per maund would amount to Rs 64,822. This sum was therefore lost to Government, unless there has been an increase in consumption resulting from the existence of the warehouses.

The necessity for Government supervision over the salt after it has once left the primary source of supply causes administrative inconvenience. Except in Gujarat and at the Sukkur depôt in Sind, it is only in Bengal that Government concerns itself with the salt after it has once left the source (taking as the source the ship's side or the public golas in the case of salt brought to Calcutta or Chittagong by sea), and the principle that all salt should pay duty before it leaves the source is undoubtedly the most convenient for Government. At the source it is possible for Government to concentrate reliable establishments competent to ascertain the exact quantities of salt passing through their hands. When once the salt has left the source, Government is dependent upon isolated officers of a less trustworthy type, to whom a large measure of independence must necessarily be accorded. In the bonded warehouses in Bengal the supervision over the salt in bond is entrusted to a daroga on Rs 50. It is admitted that such an agency is not entirely reliable, and suspicion that wastages are incorrectly reported and that salt passes out of the warehouses previous to the payment of duty upon it, seems to be general. In order to supervise this agency, as far as may be, the warehouses have to be inspected and returns submitted, while the selection of sites, approval of warehouses, issue and renewal of licenses, and disposal of connected questions which must inevitably arise, all help to increase the work of the district officials.

It is impossible, moreover, to ensure that duty shall be levied only upon the quantity of salt which actually passes into consumption. The rate of duty is arbitrarily fixed. If a wastage of 3 per cent free of duty is allowed, the rate of duty becomes Rs 1-9-4 instead of Rs 2 per maund. No principle of equity is involved in the exemption of wastage from duty, and even at the inland bonded warehouses Government does not succeed in limiting the tax to the salt consumed.

The salt does not pass from the warehouse direct to the consumer, and in the intermediate stages some wastage must occur which it is impossible to exempt from duty. It is for Government to prescribe the point at which the duty should be levied. This point should, in our opinion, be fixed with regard to administrative convenience, and should as far as possible be the same throughout India.

11. To the consumer, the only possible disadvantage which might arise from the establishment of inland bonded warehouses would be in the concentration of the trade in the hands of capitalists who might create a monopoly. We have found no evidence of such a result. At the centres visited by us there were formerly four or five dealers on a large scale who imported salt from Calcutta and retailed it to the smaller men. Under the bonding system, though some of these dealers have ceased to import, several have started warehouses, and the number is sufficient to prevent the control of the market falling into the hands of any one of them. The bonders also now maintain larger stocks than was previously the case. At Jhalakati keen competition is said to exist; at Chandbali the Oriental Salt Company is competing with the bonders; and at Chandpur a gola for duty-paid salt competes with the bonded warehouse. The only evidence of combination was at Narayanganj, at which it was admitted by one of the bonders that all had come to an agreement to sell at uniform rates; but, so far, the position does not appear to have been abused.

12. From the trader's point of view, the drawbacks to the bonding system lie in the restrictions imposed upon the free transit of the salt purchased by him, and in the monthly payment for establishment, etc. (Rs 67), which he is required to make to Government. We were informed by Messrs. Turner, Morrison and Co. that they regarded the presence of the Government daroga as an useful check upon their own subordinates, but the native bonders did not seem to share this view. Apart from the actual sums payable by the bonder, there must be some inconvenience to him from the necessity of licensing his warehouse, bringing his salt to it under various precautions, and storing and selling it only in the presence of the daroga. However, the extension of the system which has taken place in recent years would seem to show that, so far as the bonder is concerned, its advantages outweigh its drawbacks.

13. On the whole, we are of opinion that the inland bonded warehouses offer a distinct advantage to the large wholesale dealer, and to a less extent to the smaller trader. Since every facility for trade is calculated *pro tanto* to benefit the public, the consumer is likely also to profit, but the extent of his gain must be small. From the point of view of Government, the system renders the realisation of the duty upon salt more troublesome, and causes actual pecuniary loss unless consumption is encouraged to an extent which compensates for the revenue lost through the allowance made for wastage.

14. It is not, moreover, a system which seems likely to be beneficial under all conditions. In fact it has failed to prove its utility except under the special circumstances of the areas in which it was created and has been developed. All the existing warehouses are approachable by water, and traffic to and from them is mainly by boats. Whenever, as in the case of Balasore, Khulna, Bhagulpur or Purulia, the system has been tried upon a line of rail, it has failed. The explanation seems to be that communication by rail does not lend itself so readily to the formation of large distributing centres, or offer inducements for the transport of salt in large quantities at one time. The unit of railway carriage is the truck load; two wagons cost twice as much as one, and nothing is to be gained by the multiplication of wagon loads. Again, it is cheaper to send one wagon load to each of two stations than two wagon loads to one for subsequent redistribution. Lastly, the carriage

Conclusions as to the balance of advantage and disadvantage from the system.

The bonding system in its relation to carriage by water or by rail.

of salt by rail in bulk is troublesome and wasteful. Salt carried by rail is almost always bagged, and when salt is sold in bags the question of wastage does not arise. We were informed by Messrs. Turner, Morrison & Co. that in their rail-borne business one hundred bags of one maund each change hands *ex* railway wagon as one hundred maunds. Consignments are made to order and paid for on delivery.

The case when carriage is by water is different. The most economical method of conveyance is in large quantities by flat or boat load, and the salt is carried not in bags but in bulk, poured straight from the importing steamer into the vessel proceeding up-country. In Eastern Bengal, trade clusters round various central markets to which the surrounding villagers resort by boat. There are therefore distinct advantages in storing large quantities of salt at such marts. The necessity for bagging the salt does not arise, as the smaller purchasers usually take away their salt in their own boats in bulk. On the other hand wastage becomes a more important factor in such a case. The handling of salt in bulk necessarily involves a larger wastage, and the maintenance of large stocks has the same result.

15. We recognise, therefore, that in districts like those in Eastern Bengal where communication is by water the system of inland bonded warehouses offers special advantages, but we recommend that it should be confined to such areas. Elsewhere in Bengal we are of opinion that sufficient facilities to trade can be given at far less inconvenience to Government by the adoption of a credit system such as prevails in Madras and Bombay. For this purpose legislation would apparently be required, and we suggest that it should be undertaken.

In comparison with the establishment of inland bonded warehouses, the maximum loss to the trade under a credit system, is (a) the allowance on account of wastage, and (b) the difference between the interest upon the Government paper deposited as security and the rate which could be obtained by investment in other ways. When capital is turned over rapidly this loss is materially reduced. On the other hand, there is not the same necessity in a rail-borne business for large stocks, and the wastage of salt in transit is either ignored, or is discounted in the transactions. The gain to the trade under a system of credit is to be found in freedom from restrictions after the salt has been delivered from the prime source of supply. When once the bond has been executed and security given, the salt is at the disposal of the trader; there are no warehouses to be licensed or establishments to be paid for.

The time bond system of Bengal was necessarily a failure; it did not offer the facilities of the bonding system, while it retained some of its restrictions. The result is that outside the area affected by the bonded warehouses in Bengal no facilities are at present offered for the distribution of salt which command themselves to the trade.

16. We do not recommend that a wastage allowance should be given under any system of credit which may be introduced in Bengal. It has not been found necessary elsewhere, and if permitted in Bengal the question of its extension to other provinces would almost certainly arise. It has been granted as an incident of the system of bonding, and where the restrictions of a bonding system exist, we consider that Government may continue to give a reasonable allowance on this account. The deduction for wastage admittedly constitutes the chief attraction of the bonding system, and the principle of the allowance has been admitted in Bengal from the outset.

17. In the case of the public golas the permissible rate of wastage was originally 4 per cent under the rules of 1847, but it was restricted in 1853 to 2½ per cent upon the quantity delivered over the ship's side. Under the Customs Acts of 1863 and 1878 duty is chargeable only upon the actual quantity ultimately delivered from the public warehouse.

A concession on account of wastage was extended to private warehouses under the regulations of 1841, to the extent of an allowance of 3½ per cent, and although the rules of 1847 and 1853 appear to have permitted no wastage in the case of such private warehouses at ports, the power to fix a rate was

conferred upon the Local Government by the Acts of 1863 and 1878, and the rate of 2½ per cent upon the quantity originally delivered is at present in force.

As regards warehouses other than at warehousing ports, an allowance of 2½ per cent on the quantity bonded was given by the rules in the earliest case of the warehouse at Kushtia in 1865. The same rate was given in the rules for the Khulna warehouses published in 1888, and on the revision of the rules in 1894 the present maximum limit of 3 per cent, if actually found at the time of clearance, was given upon the quantity delivered from the ship's side or public gola. It is to be observed that the request of the Bengal Chamber of Commerce and of Messrs. Turner, Morrison & Co. at that time was for an allowance of 3½ per cent, and the Board in explanation of their proposed rate of 3 per cent wrote as follows:—

"The maximum allowance (for wastage) at present is 2½ per cent, but the bonders have pressed for a larger margin as the wastage in taking salt to distant places will be greater and the present allowance was fixed for a route by which wastage was small. The Board hold that Government only desires to levy duty on salt actually going into consumption and that none should be levied on actual wastage. The proposed figure has therefore been accepted as the maximum allowance a local officer can make. Any larger wastage is provided for by the next rule" (i.e., conferring power to grant special rates in special cases).

Since 1894 the orders as regards wastage have remained unchanged and even under the time bond system as introduced by Act VIII of 1896 the Local Government considered the grant of a wastage allowance "essential if the Bill is to satisfy the legitimate demands of the trade and to promote the more rapid and extensive sale of salt."

Bengal Government letter to the address of the Government of India, No. 4593 S. R., dated the 20th August 1895.

The question of the reduction of the allowance was raised by the Government of India in 1899. Discussion ensued in which the Bengal Chamber of

Government of India letter to the address of the Bengal Government, No. 4876 S. R., dated the 26th October 1899.

Government of India letter to the address of the Bengal Government, No. 6065 S. R., dated the 6th December 1900.

Letter of the Board of Revenue, No. 2288 B., dated the 19th March 1903, to the address of the Government of Bengal.

Letter of the Government of Bengal, to the address of the Government of India, No. 513 T.F., dated the 3rd June 1903.

18. If the principle of the grant of a wastage allowance is admitted, we have little to add to what has already been said by the Local Government and Board of Revenue upon the subject. The concession of an allowance for wastage is an integral part of the bonding system as it has been established in Bengal, and unless the system is to be abolished altogether, can scarcely be withdrawn. The system was established with the encouragement of Government, and we have already said that in the river districts of Eastern Bengal it has special advantages. While we would restrict its operation to those areas, it does not appear necessary or desirable to make any such change as would render it unworkable. We agree that the data which are available afford grounds for believing that the present maximum allowance of 3 per cent is needlessly high, and that improper advantage has probably been taken of the fact. The proposal of the Local Government to permit a deduction on account of the wastage actually occurring up to a maximum of 2 per cent is in our opinion justified by the facts, and is preferable to the suggestion of the Board of Revenue that the allowance should be a fixed rate of that amount. With the limitation of the wastage allowance now proposed, we do not think it likely, if the accuracy of the amounts despatched from the ships' side or public golas be ensured, that any appreciable quantity of salt will be cleared from the warehouses without payment of the duty upon it.

The rate of wastage which should be allowed under the bonding system.

The rate of wastage which should be allowed under the bonding system.

We think, however, that it would be as well at once to prescribe the differential rates which will be required, if salts of varying liability to wastage are largely bonded. The present rates have been fixed with reference to the circumstances of Liverpool salt in particular and the Aden and Rowayah crushed salts which are akin to it in this respect. There are indications, however, that the trade in Hamburg and Salif salts is likely to develop, though so far it has

Description of salt.	Quantity despatched to inland bonded warehouses during	
	1901-02.	1902-03.
Hamburg	12,005	7,000
Salif	3,000	Nil

been inconsiderable. A maximum of one per cent would seem suitable in the case of salt of these two descriptions. The firm of Messrs David & Co. are now doing a large business in Hamburg salt at Chittagong, and we were informed by their agent that the wastage upon it while in store is practically nil.

19. We would draw attention to

Rule 35.—Bengal Government Notification No. 1390 T. F., dated the 6th July 1903.

Rule 35.—"When the seals (on arrival of a consignment of salt at an inland bonded warehouse) are found intact, the owner or his agent may within 24 hours from the time of the arrival of the salt at its destination, pay the duty on the whole quantity of salt, less 1 per cent for wastage in any consignment as shown in the pass or boat note, after which the Collector of the district or the Collector of Customs, if there be any, shall allow him to break bulk without weighing or warehousing being required."

over the accuracy of delivery in Calcutta as is secured by the weighing of salt on sale from the inland warehouse, and the concession is perhaps of doubtful legality. We recommend that it should be withdrawn.

20. A special procedure obtains in the case of salt transhipped between

Rule 8.—Bengal Government Notification No. 6444 S. R., dated the 2nd December 1899.

Board's letter to the address of the Government of Bengal, No. 719 B., dated the 1st September 1881.

Government of India letter to the address of the Government of Bengal, No. 3661, dated the 18th October 1881.

Bengal Government letter to the address of the Board of Revenue, No. 644-268., dated the 16th March 1882.

rules originally framed and approved by Government contemplated the construction of a bonded warehouse by the licensee at Narayanganj, and the adoption of the usual procedure under the supervision of a daroga, with the addition that the consignment on arrival at Narayanganj was to be weighed into the warehouse. Full duty was to be paid upon any deficiency then discovered, as compared with the quantity delivered at Chittagong, less an allowance of 1 per cent for wastage, if actually occurring, and upon final clearance from the warehouse actual wastage was to be allowed upon the quantity bonded up to a maximum of 2½ per cent. In modification of this procedure permission was sought in 1882 by Babu Rai Nityanandan Roy Bahadur, a leading salt merchant of

Board's letter to the address of the Government of Bengal, No. 481 B., dated the 23rd May 1886.

Bengal G.O. No. 714 T.F., dated the 5th June 1886.

Bengal Notification No. 6444 S.R., dated the 2nd December 1899.

Rule 8.—"Both the seals on the hatches and the stamps on the salt as reported on clearance by the Collector of Customs at Chittagong shall be separately examined and reported on by an officer deputed by the Collector of Customs, Narayanganj, to the Collector of Customs, Narayanganj, and if they be found intact, the owner may, within twenty-four hours from the time of the arrival of the cargo, pay the duty on the whole amount of salt less 1 per cent for wastage in any vessel as shown in the pass, after which the Collector of Customs shall allow him to break bulk without further weighing."

Chittagong and Narayanganj the history of which was as follows. In 1881 the Calcutta firm of Messrs. G. Henderson & Co. requested permission to tranship salt at Chittagong into country brigs for subsequent conveyance to Narayanganj where it was to be bonded. The Board supported the proposal, which ultimately received the sanction of the Government of India as one calculated to encourage and develop the import trade in salt. The

disadvantage of dispensing with such check of which was as follows. In 1881 the Calcutta firm of Messrs. G. Henderson & Co. requested permission to tranship salt at Chittagong into country brigs for subsequent conveyance to Narayanganj where it was to be bonded. The Board supported the proposal, which ultimately received the sanction of the Government of India as one calculated to encourage and develop the import trade in salt. The rules originally framed and approved by Government contemplated the construction of a bonded warehouse by the licensee at Narayanganj, and the adoption of the usual procedure under the supervision of a daroga, with the addition that the consignment on arrival at Narayanganj was to be weighed into the warehouse. Full duty was to be paid upon any deficiency then discovered, as compared with the quantity delivered at Chittagong, less an allowance of 1 per cent for wastage, if actually occurring, and upon final clearance from the warehouse actual wastage was to be allowed upon the quantity bonded up to a maximum of 2½ per cent. In modification of this procedure permission was sought in 1882 by Babu Rai Nityanandan Roy Bahadur, a leading salt merchant of Chittagong, to clear transhipped salt at Narayanganj without warehousing it, but on various occasions the proposal was disallowed. In 1886, however, the Board withdrew their previous objections to bulk being broken at Narayanganj without bonding or further weighing, but they observed that "as it is not intended to weigh the salt at Narayanganj before delivery.....the wastage allowance asked for.....cannot be granted." An allowance of 1 per cent was, however, given by Government, and the existing rule upon the point is quoted in the margin.

We are opposed to the allowance for wastage except as an accompaniment to the system of bonding, and in the case of salt coming from Chittagong in particular, we attach importance to its subsequent reweighment on clearance as some check upon the original delivery from shipboard at the place of import. No check weighing of such deliveries is made at Chittagong, and in other respects there appeared room for improvement in the procedure followed there. Now that the importance of the port is likely to increase, we suggest an examination of the local preventive arrangements by a trained officer of the Calcutta staff.

21. In connection with the working of the bonding system in Bengal we

The despatch of large consignments of salt in flats direct from the ship's side.

are divided in opinion upon the following point.

In the case of large consignments of from 10,000 to 20,000 maunds of salt delivered in bulk into steamer flats direct from shipboard, such as are commonly despatched under the inland bonded warehouse system, only one weighing, that over the ship's side, can be applied. There is no possibility of any check weighing at the place of import. The reweighment of such large quantities would be tedious and troublesome, and no Steamer Company would allow its flats to be detained during the process. When delivery from shipboard is into country boats, it is feasible to exercise some check by reweighing whole boat loads selected at random, and this is actually done. In the case of delivery into a flat in bulk all depends upon the reliability of the one weighing upon board ship, and the possibilities of *bond fide* mistake, or of fraudulent delivery in excess, are obvious. Should either occur the only subsequent opportunity for its detection is at the time of the clearance of the salt from the inland warehouse, but this is dependent upon the reliability of the daroga in whom implicit confidence cannot be placed.

Mr. Judge, the Superintendent of the Preventive Service, is fully aware of the danger of the existing procedure, and we have consulted him as to the possible remedies. He has suggested that a trustworthy officer, accompanied by weighmen with scales, should be deputed from time to time after the despatch of consignments, to reweigh them on arrival at the inland warehouse. The party would be deputed under the orders of the Collector of Customs in such cases only as he might select.

A check of this kind would be troublesome, and it is doubtful whether it would be entirely effectual. It may be argued that if frauds were in progress, the persons concerned could obtain notice of the departure of the officer from Calcutta and of the warehouse to which he was bound, in which case they might have opportunities to conceal the frauds and to cause evidence to disappear. Messrs. Bradley and Jenkins are strongly of opinion that the only safe course is to insist that all salt intended for an inland warehouse shall, like all other dutiable goods, be first warehoused at Calcutta, and that removals thence shall be made under section 105 and the following sections of the Sea Customs Act. Messrs. Dane and Wheeler do not consider it necessary to go so far as this, and think that if such weighments from the importing vessel are made with special care and the attention of the Superintendent of the Preventive Service is particularly directed to their supervision, the existing procedure may be allowed to continue.

22. The case of the bonded warehouse of Messrs. Turner, Morrison & Co. at

The inland bonded warehouse at Chandbali.

Chandbali presents some special features.

Salt is conveyed to this gola by steamer from Calcutta, and delivery at night is permitted by rule "only on condition that special permits are first obtained from the Collector of Customs, Calcutta, who may at his discretion refuse to grant such permission." We understand that such permission is usually granted, and that the movements of the steamers frequently necessitate delivery at night, in the course of which there are opportunities for fraud. For the reasons given in the succeeding paragraph Messrs. Bradley and Jenkins consider that the license of this warehouse should be withdrawn. If, however, the license be renewed, we are all agreed either that permission to unload at night should be refused, or that such additional precautions should be taken at the expense of the bonder as will ensure the safety of the revenue.

23. Passing to the suggested extension of the bonding system so as to permit of the storage in bond of salt imported into Bengal from Madras by rail, the request is one which was preferred by the Oriental Salt Company with special reference to their salt manufactured at Naupada in Ganjam. The Governments of Madras and Bengal endorsed the proposal, and the question has been referred to the Committee for consideration.

The request of the Oriental Salt Company for bonding facilities in the case of salt imported from Madras into Bengal by rail.

It follows from the criticisms and recommendations which we have made above regarding the inland bonded warehouse system in Bengal that we are not prepared to recommend its extension in the present instance, a course which it seems to us, must logically be followed by its extension, if applied for, to other parts of India. The practice of bonding in Eastern Bengal is the outcome of conditions which do not exist in the case of salt imported by rail from Madras. Now that the bonding system has taken root among local circumstances which are especially favourable to it, its continuance may be justified, but, in our opinion, it is unnecessary for Government to deliberately introduce it as an innovation into the ordinary conditions of the rail-borne traffic in salt. Its advantages do not seem to us to be commensurate with the inconvenience which it involves.

In so far as it is urged by the Oriental Salt Company that the facilities allowed to others in the case of sea imported salt should not be refused to them in respect of their salt manufactured in this country, it is to be observed that the only existing inland bonded warehouse which can affect the operations of the Company in Orissa, is that at Chandbali belonging to Messrs. Turner, Morrison & Co. For the following reasons Messrs. Bradley and Jenkins are of opinion that the license for this warehouse should be withdrawn. It is the only warehouse outside the area to which the Committee has recommended that the system of inland bonded warehouses should be confined. If it is allowed to continue, permission cannot equitably be refused to open warehouses elsewhere in Orissa, for Messrs. Turner, Morrison & Co. cannot reasonably be granted the sole privilege of having a bonded warehouse in this part of the country. The advantage of closing the warehouse will be that there will be no departure from the principles which, in the opinion of the Committee, should govern the establishment of inland bonded warehouses in the future, and that all ground of complaint on the part of the Oriental Salt Company will be removed. Messrs. Dane and Wheeler, on the other hand, consider that there is no sufficient necessity for the withdrawal of the license for the warehouse. It is unlikely that the transactions effected by the bonder have much influence outside the proximity of the warehouse, and although Orissa does not form part of the area in which the inland bonded warehouse system may usefully be retained, they do not consider it necessary, in the interests of the Oriental Salt Company, to propose the closure of a warehouse which has been licensed for the last eight years. The suitability of the locality for a warehouse consists in the water carriage to it which is available from Calcutta. It is between 20 and 30 miles from the rail, and it would not be possible for the Oriental Salt Company to establish a warehouse there connected by rail with their factories in Madras even if they were allowed the concession which they seek.

We are all agreed that no extension of the bonding system in Orissa should be permitted.

24. We have dealt with the inland bonded warehouse system in Bengal as it is now actually working, but Messrs. Bradley and Jenkins, in the separate note annexed, have discussed certain points in the present procedure which, in their opinion, are not in accordance with the requirements of the law. Messrs. Dane and Wheeler are doubtful as to the correctness of the argument in paragraphs 1 to 7 of the note. We suggest that the Bengal Government, in consultation with their legal advisers, might be requested to examine the points raised.

The legality of certain points in the inland bonding procedure in Bengal.

25. The last proposal upon which the opinion of the Committee has been requested, is that of the Chief Commissioner of Assam, that legislation should be undertaken to provide for the introduction of inland bonded warehouses for the sale of salt in that province.

The extension of the inland bonded warehouse system to Assam.

of inland bonded warehouses for the sale of salt in that province.

In various forms the subject has been under discussion for some years. Messrs. Turner, Morrison & Co., when starting their bonding business in Bengal in 1894-95, also turned their attention to Assam, and at their request the Bengal rules, published with Notification No. 2565 S. R., dated the 23rd April 1894, were extended *mutatis mutandis* to Assam by the notification of the Chief Commissioner (Notification No. 600 R., dated the 21st February 1895). No immediate action was taken under these provisions, and the subject did not come up again till February 1897, when, in connection with the enactment of

Government of India letter No. 938 S. R., dated the 27th February 1897, to the address of the Chief Commissioner, Assam.

Government of India letter No. 2834 S. R., dated the 2nd July 1897, to the address of the Chief Commissioner, Assam.

rules under the time bond system in Bengal, enquiry was made by the Government of India, whether it was desirable to extend sections 5 to 7, Act VIII of 1893, to Assam. The reply of the Chief Commissioner was in the affirmative, but

further enquiry revealed legal difficulties, and with the acquiescence of the Assam authorities the matter was dropped.

The discussion, however, brought to notice the illegality of the action taken in 1895 to extend to Assam the bonding rules current in Bengal, and when an application was preferred by Messrs. Turner, Morrison & Co., towards the end of 1897, for a license for a warehouse at Balaganj, it was realised that it could not legally be granted. The firm considers itself aggrieved by these circumstances and represented them before us.

The question again came up in 1898 when the Chief Commissioner submitted

Letter of the Chief Commissioner, Assam, to the address of the Government of India, No. 108 F. and C., 3500 R., dated the 25th July 1898.

a view of the legal position under which it would have been open to him to establish an inland bonding system; he was still of opinion that, if special legislation were requisite, the matter was not worth pressing. The expedient suggested was held to be inadmissible, but in its place an extension of the time bond system was offered and accepted. This, however, was rather the credit system of

Letter of the Chief Commissioner, Assam, No. 56 F. and C., 1392 R., dated the 18th April 1899, to the address of the Government of India.

Madras and Bombay than the time bond system of Bengal; the only modification of the system as one of credit lay in the precautions adopted in order to supervise the salt during its transit through the saliferous areas in Bengal.

Letter of the Chief Commissioner, Assam, No. 43 F. and C., 643 F., dated the 16th April 1903, to the address of the Government of India.

As in Bengal, the rules failed, to prove attractive, and, writing in April 1903, the Chief Commissioner summed up the position as follows:—

"The time bond system has proved unsuccessful, owing to the unwillingness of importers to give security in Government promissory notes. Of the three firms who desired to establish bonded salt warehouses in Assam, Messrs. Turner Morrison & Co. intimated that they had no intention of establishing warehouses under the time bond system, as they regarded the rules framed by the Government of Bengal for the purpose to be unworkable, while the Sylhet Trading Company and Messrs. Krishna Prasad Roy Chaudhuri and Gopi Mohan Roy Chaudhuri objected to being required to deposit Government promissory notes to the extent of the value of the salt duty on each bond. Their objections appear to the Chief Commissioner to be not unreasonable, as a considerable loss of interest is involved by the locking up of money in these securities.

"It seems to the Chief Commissioner that there is no alternative to the bonded warehouse system if the Government wish to encourage the importation and consumption of salt by freeing importers from the payment of duty in advance of their sales. Bonded warehouses are apparently needed in Assam, and, having regard to the vital importance of the salt trade to the well being of the country, the Chief Commissioner would be glad were it possible to remove by legislation the technical difficulties which now render it impossible to open them."

Government of India letter No. 4900 S. R., dated the 13th August 1903, to the address of the Chief Commissioner of Assam.

It was decided by the Government of India to defer orders upon this proposal pending the submission of our Report.

26. In consultation with the Chief Commissioner, we decided that local enquiry in Assam was unnecessary, but the Honourable Mr. Fuller has favoured us with his views in writing in greater detail, from which we quote the following:—

Assam letter No. 154 Finance-832 F., dated the 29th February 1904, to the address of the Committee.

"The Chief Commissioner is not acquainted with the working of the salt credit system of Madras and Bombay, but it would seem from previous experience that any system involving

the deposit of security for the payment of duty, in the form of Government promissory notes for the full value of the duty payable, will not be acceptable to the firms which are interested in the wholesale importation of salt to Assam. * * * The Chief Commissioner is most anxious that measures should be taken to facilitate the import of salt into Assam and to lower its price, and to this end it appears to him very desirable that bonded warehouses should be established in the province.

"It would appear that the consumption of salt per head of population in Assam is considerably less than in Bengal. The average quantity of salt annually imported into Assam for the three years ending the 31st March 1903, amounted to 6,53,144 maunds. These figures represent the whole quantity of salt used in the province except an insignificant amount imported across the land frontiers, and they give an average rate of consumption of 8 lbs. 4 ozs. per head per annum. From paragraph 17 of the annual report on the administration of the Bengal Salt Department for the year 1902-03, it appears that the average consumption of salt per head was 12.21 lbs. in the saliferous tracts and 11.18 lbs. in the rest of the province."

27. The information on record regarding the salt trade in Assam is somewhat meagre. The argument adopted

Recommendation of the Committee as regards the extension of the inland bonded warehouse system to Assam.

assumes that inland bonded warehouses assist trade. All facilities to the salt trade in Assam would be beneficial; the inland bonded warehouse system should, therefore, be introduced. We have, however, shown that while the system offers advantages to the trader, it has various drawbacks from the point of view of Government, and the actual benefit from it which accrues to the consumer is small. At the same time it is the case that many parts of Assam are fed by river carriage as in Eastern Bengal, and that in such areas the bonding system offers special advantages.

It was brought to our notice at Chittagong that Messrs. David & Co. in arrangement with the local station-masters have opened an active trade in Hamburg salt up the Assam Bengal Railway line as far as Tinsukia. We would not recommend any extension of the bonding system to the line of rail.

If, however, after consideration of this Report the Chief Commissioner still considers that the establishment of bonded warehouses would be advantageous, there would, in our opinion, be no objection to opening them at central markets similar and similarly situated to those which are served by the rivers of Eastern Bengal.

As regards the legal aspect of the introduction of an inland bonded warehouse system into Assam, the inclusion of Chittagong in that province, if given effect to, would apparently remove the difficulty at present arising from the absence of any local Chief Customs Authority.

Summary.

28. Our recommendations, therefore, regarding the points which have been referred to us, are as follows:—

- (i) That the inland bonded warehouse system should not be extended to any province other than Bengal and, possibly, Assam.
- (ii) That in Bengal the system should be confined to the eastern districts, and in Assam to the riverain tracts, if the Chief Commissioner, after consideration, still desires its introduction.
- (iii) That in Bengal licenses for inland bonded warehouses should not be granted in any areas to which salt is ordinarily conveyed by rail.
- (iv) That the application of the Oriental Salt Company for permission to open such warehouses should be rejected.
- (v) That in Bengal the rate of maximum actual wastage allowance should be reduced from 3 to 2 per cent in the case of Liverpool and other salts, and in the case of Hamburg and Salif salts to 1 per cent.
- (vi) That the rules permitting an allowance for wastage without the salt being warehoused should be withdrawn.

NOTE BY MESSRS. BRADLEY AND JENKINS ON THE LEGALITY OF THE RULES FOR THE REMOVAL OF SALT UNDER BOND TO INLAND BONDED WAREHOUSES.

Under the Inland Bonded Warehouses Act, 1896, a Chief Customs Authority

Section 4 (1).

may, with the previous sanction of the Local Government, appoint a public, or

Section 4 (2).

license a private warehouse at any place which is not a warehousing port. When such a warehouse is appointed or

licensed, the provisions of the Sea Customs Act, 1878, with respect to (1) the levy of customs duties on goods brought in bond from one customs port to another, and (2) with respect to warehousing, are to be construed as though the place were a customs port, and a warehousing port, and the warehouse a public or private warehouse, as the case may be, appointed or licensed under that Act. The procedure in respect of such warehouses must therefore be governed entirely by those provisions of the Sea Customs Act to which reference is made, and by rules made under the Act in connection with those provisions.

2. In Bengal the Chief Customs Authority with approval of the Local

Government has issued rules under Sections

9, 105, and 130 of the Sea Customs Act, regulating the removal of salt to inland

bonded warehouses. These rules permit the removal of salt on which import duty is leviable, under bond direct from shipboard, by rail or boat to an inland bonded warehouse. Salt is not now removed in this way by rail, but large quantities are weighed in bulk over the ship's side into flats and sent, under bond, direct to inland bonded warehouses. The procedure has been shown to be dangerous; it appears also to be of doubtful legal validity.

3. Dutiable goods entering a Custom Port must be dealt with in one of three ways. They must be either:—

(1) Cleared for home consumption (sections 87 and 89), or,

(2) Entered for warehousing and warehoused (section 87 and Chapter X),

or,

(3) Transhipped (Chapter XII).

Dutiable goods cannot legally be dealt with in any other manner. But the salt imported into Calcutta, and sent direct to the inland bonded warehouses, in the way mentioned above, is not cleared for home consumption, nor warehoused; and the conditions are such that, as will be shown below, it cannot be transhipped without a breach of the law.

4. If it is maintained that the salt is entered for warehousing, but is warehoused, under section 90 of the Sea Customs Act, in an inland bonded warehouse, it may be observed that this argument takes no account of the intermediate stage of export from the port of entry, which cannot be passed over. In reference to the places at which warehouses have been established under the Inland Bonded Warehouses Act, certain provisions of the Sea Customs Act are to be construed as if the places were customs ports and warehousing ports. The places are not included within the limits of the Port of Calcutta, and the provisions of the Sea Customs Act, which are applicable to them, can only be applied to them as separate ports. This is also evident from the fact that some of the provisions of the Sea Customs Act, which are to be applied to these places, are those which relate to the levy of customs duty on goods brought in bond from one customs port to another. Goods on which import duties are leviable can only be sent under bond, without payment of duty from one customs port to another by (1) transshipment (section 128 *et seq.*), and (2) transfer from one bonded warehouse to another (section 105); and, indeed, it is under these sections that the rules purport to have been made. One essential condition of transshipment is that the goods should be *specialty and distinctly manifested at the time of importation* for transshipment to some other customs or foreign port (section 128); and section 135 expressly prohibits the transshipment of goods at any port or place in British India except as provided in the act. In the case of removals of salt from the ship's side in Calcutta to the inland bonded warehouses the condition is not fulfilled. It

would appear, therefore, that the procedure, in so far as it purports to be based on the transshipment sections, is contrary to law.

5. The removal of non-duty paid salt from shipboard in Calcutta to the inland bonded warehouses can, therefore, only be made under section 105. In order, however, to have the benefit of that section, the owner of the goods must first have warehoused them at a warehousing port. Under this provision of the law non-duty-paid salt may be removed under bond from a warehouse in Calcutta to a warehouse at Jhalakati, or from a warehouse at Jhalakati to a warehouse at Chandpur. But it cannot be removed under bond direct from shipboard in Calcutta to a warehouse at Jhalakati.

6. It would appear from what has been said above that the provisions of section 90, under which, when any dutiable goods have been entered for warehousing and assessed under section 87, the owner may apply for leave to deposit the same in any warehouse appointed or licensed under the Act, only refers to a warehouse at the port of entry, because the goods can only leave the port of entry under certain specified conditions. The Act contains elaborate provisions for the removal of warehoused goods from one warehouse to another (sections 105 *et seq.*). If it was intended that dutiable goods should be removed direct under bond from shipboard to a warehouse in another port, a proceeding which is really a form of transshipment, and requires much more careful regulation, the procedure would certainly have been prescribed in the Act. It is true that such a proceeding is not forbidden by the Sea Customs Act, but the question is whether it is allowed. Under customs law only that which is prescribed is permitted, and local authorities are not empowered to supplement, by their own orders, any deficiencies which they may consider to exist. Under section 9 of the Sea Customs Act the Chief Customs authority may, from time to time, with the sanction of the Local Government make rules generally to carry out the provisions of the Act. But the rules must be consistent with the Act, and there is no power to add to its provisions. The rules now under consideration appear to be inconsistent with the provisions of the Act, and introduce a new form of procedure not contemplated by the Act.

7. If this view of the matter is correct, it follows that all non-duty-paid salt which is intended for removal under bond to inland bonded warehouses must be warehoused at Calcutta before removal.

8. In the case of removals from Calcutta to the inland bonded warehouses and from Chittagong to Narayanganj with a special wastage of 1 per cent, of which mention has been made in paragraphs 19 and 20 of this Chapter, there is no question of warehousing. It is a matter of transshipment only. Here we are confronted with the anomaly that, while the transshipment of salt at Calcutta for Chittagong and Rangoon is not permitted unless the condition laid down in section 128 of the Act is satisfied, the local authorities have dispensed with the condition in the cases mentioned above, in spite of the express injunction of section 135 that no goods shall be transhipped at any port or place in British India except as provided in the Act.

H. BRADLEY.

J. L. JENKINS.

APPENDICES TO THE REPORT

OF THE

SALT COMMITTEE.

APPENDIX I.

Tour statement of the Salt Committee.

Place.	Date.	Place.	Date.
	1903.		1904.
Simla	2nd to 8th November.	Calicut	8th to 10th January.
En route	9th and 10th "	En route	11th January.
Khewra	11th and 12th "	Podanur	12th "
En route	13th and 14th "	Erode	13th "
Sukkur	15th November.	Salem	13th "
En route	16th "	Madras	14th to 25th January.
Karachi	17th and 18th November.	Bellary	26th January.
En route	19th November.	En route	27th "
Pachbadra	20th and 21st November.	Coconada	28th "
En route	22nd November.	Waltair	29th "
Sambhar	23rd and 24th November.	Naupada	30th "
En route	25th November.	Hamma	31st January to 3rd Feb. ruary.
Kharaghoda	26th November to 2nd December.	En route	4th February.
En route	3rd December.	Puri	5th "
*Dungri	4th "	Cuttack	6th "
Daman Road	5th "	Balasore	7th "
†Bombay	6th to 14th*December.	Calcutta	8th to 14th February.
Poona	15th December.	En route	15th and 16th February.
Sholapur	16th "	Khulna	17th February.
Bijapur	17th "	Barisal	18th "
En route	18th "	Narayanganj	19th "
Castle Rock	19th to 22nd December.	Dacca	20th to 22nd February.
Christmas Holidays	23rd December 1903 to 1st January 1904.	En route	23rd February.
		Chittagong	24th and 25th February.
Bangalore	1904. 2nd to 4th January.	Chandpur	26th February.
En route	5th January.	En route	27th "
Ernakulum(Cochin)	6th and 7th January.	Calcutta	28th February to 21st March.

* Visited the salt works at Dharama.

† Visited the salt works at Matunga, Trombay, Uran, Karanja, Bassai and Ghorbandar

‡ Visited the Covelong and Ennore factories.

APPENDIX II.
Profit and loss statement showing the working of the agency system in the Bombay Presidency. [Chapter IV, paragraph 8.]
1898-1899.

Names of Agencies.	Sales.	CREDIT.		DEBIT.		NET RESULT.		Remarks.
		Royalty at 6 ples per maund.	Freight at 3 annas 2 ples per maund (a).	Actual freight.	Commission at 1 per cent.	Wastage at 1 per cent (at 12 1/2 lbs per maund).	Profit.	Loss.
Viramgam	10,686	639 4 0	2,035 4 0	740 13 0	299 9 9	299 9 9	1,074 7 10	R a. p.
Savand	7,143	223 3 8	1,413 11 8	830 1 3	203 2 0	203 1 8	300 10 3	518 15 1
Nadind	38,798	1,059 3 0	6,689 3 0	6,237 2 0	961 2 1	961 1 0	...	530 12 5
Anand	14,616	456 12 0	2,392 12 0	3,045 0 0	415 10 8	415 10 2	...	1,059 13 10
Mehmedabad	11,144	348 4 0	2,205 9 4	1,857 5 4	316 14 6	316 14 1	...	895 15 7
Wasad	18,685	532 5 6	3,688 2 10	4,270 8 0	539 14 11	539 14 11	...	2,186 7 8
Baroda	10,768	336 3 0	2,129 8 0	2,689 8 0	305 14 11	305 14 8	...	396 14 4
Dakora	30,189	942 7 6	5,966 15 6	7,832 10 9	887 10 4	887 9 7	...	336 2 3
Umroth	4,944	151 8 0	978 8 0	1,138 12 0	140 9 6	140 8 10	...	...
Thasra	4,320	135 8 0	856 8 0	1,081 8 0	123 0 5	122 16 10	...	...
Kalol	8,532	266 10 0	1,688 10 0	1,155 6 0	242 10 2	242 10 3	...	...
Dangarwa	8,781	274 6 6	1,737 14 6	1,326 4 9	249 11 4	249 10 11	...	...
Mehsana	36,671	1,111 9 6	7,040 1 6	6,084 12 10	1,011 8 0	1,011 8 6	...	...
Unjha	6,324	197 10 0	1,231 10 0	1,189 4 6	179 13 5	179 12 8	...	...
Sidhpur	13,636	432 6 0	2,733 6 0	2,774 6 6	383 7 4	383 6 11	...	...
Palanpur	29,832	838 8 0	5,810 8 0	6,213 14 0	763 0 6	762 15 7	...	...
Godhra	61,597	1,612 6 6	15,949 2 0	14,780 5 3	1,515 10 7	1,515 9 7	...	...
Abu Road	11,826	353 14 6	2,241 6 6	2,339 9 10	322 0 10	322 0 10	...	...
Bohars	17,751	554 11 6	3,513 3 6	6,585 13 10	504 12 2	504 12 3	...	...
Ranpur	9,810	295 9 0	1,941 9 0	2,197 0 6	278 15 6	278 15 6	...	...
Dohad	56,709	2,053 6 6	12,185 2 0	20,584 1 0	1,930 3 2	1,930 2 4	...	...
Debgam	4,899	151 3 6	957 11 6	833 1 9	137 9 7	137 9 1	...	...
Talod	23,883	746 8 6	4,728 0 6	5,101 4 9	679 5 4	679 4 2	...	...
Prantij	8,857	292 6 6	1,851 14 6	2,095 9 8	266 1 5	266 1 5	...	...
Idar Ahmednagar	29,465	1,233 4 6	7,810 12 6	9,336 4 0	1,123 4 7	1,122 4 7	...	...
Petlad	...	...	...	...	...	...	...	...
Patlan	...	...	...	...	...	...	...	...
Keralu	...	...	...	...	...	...	...	...
Dera	...	...	...	...	...	...	...	...
Camboy	...	...	...	...	...	...	...	...
Dholka	...	...	...	...	...	...	...	...
TOTAL	470,677	14,989 14 6	1,05,983 8 4	1,11,707 8 5	13,750 11 10	13,750 0 6	+2,372 14 3	-21,257 12 2
Net result	78,550	2,454 11 0	15,546 5 8	10,483 6 9	Proportion of establish- ment charges	R a. p.	+1,216 7 9	-18,284 13 11
Ahmedabad Depot	...	...	...	...	Interest on cost of con- struction and repairs	R a. p.	...	...
					-4 per cent on Rs 5,988	6,383 2 2	NET LOSS.	R17,069 6 3

(a) At 4 annas 5 ples per maund in the case of the agencies at Abu Road, Bohars, Godhra, and Dohad.

Note.—Figures supplied by the Collector of Salt Revenue, Bombay.

APPENDIX II—(contd.).
Profit and loss statement showing the working of the agency system in the Bombay Presidency—contd.
 1899-1900.

Name of Agency.	Sales.	Credit.		Debit.		Net Result.		Remarks.
		Rs. a. p.	Rs. a. p.	Actual freight.	Commission at 1 per cent.	Wages at 1 per cent (at Rs. 15-6 per month).	Rs. a. p.	
Virangam	8,208	256 8 0	1,674 8 0	577 2 0	253 6 6	253 6 6	837 1 1	...
Sanaud	7,777	237 10 0	1,440 3 10	947 8 5	207 0 0	203 15 3	306 2 8	...
Nadiad	23,320	735 10 0	4,955 10 0	4,363 12 0	600 6 1	630 5 1	347 4 4	...
Amrad	9,686	301 2 0	1,897 2 0	2,037 8 0	274 0 4	274 0 0	63 4 9	...
Mehmedabad	11,246	351 7 0	2,325 12 4	1,874 5 4	319 12 9	319 12 6	543 11 5	...
Wasad	9,643	298 3 0	1,888 8 4	2,176 11 4	271 5 7	271 5 10	643 13 3	...
Baroda	8,149	218 11 6	1,355 3 6	1,749 12 0	199 0 4	194 15 10	1,898 15 7	...
Jalore	26,193	818 8 6	5,184 0 6	6,411 13 3	744 13 9	744 13 7	172 9 11	...
Unwerth	2,781	86 14 6	550 6 6	651 12 9	79 1 3	79 0 11	120 0 11	...
Tunera	1,545	48 4 6	303 12 6	836 4 0	43 15 0	43 14 11	...	...
Kalol	8,913	278 8 0	1,764 0 0	1,236 15 6	237 8 7	237 8 5	199 15 0	...
Langrana	9,408	294 0 0	1,862 0 0	4,359 2 8	878 6 11	873 7 4	592 9 6	...
Mahana	20,714	949 13 0	6,078 13 0	885 14 10	137 0 6	137 0 0	...	...
Unjia	4,467	139 9 5	884 1 6	2,545 2 3	338 0 7	337 15 8	59 4 4	...
Sidapur	12,942	404 7 0	2,561 7 0	3,459 1 3	438 1 6	438 0 10	865 6 7	...
Palampur	35,054	1,699 6 6	15,801 5 0	15,577 14 3	1,597 7 0	1,597 6 7	...	...
Gedhera	54,381	253 7 6	2,387 14 8	2,688 7 3	256 7 6	256 7 11	645 12 0	...
Abu Road	9,125	160 5 0	1,294 8 0	1,735 7 3	166 4 7	166 4 7	584 3 6	...
Robara	5,413	916 5 0	1,363 13 6	1,494 5 9	195 15 4	195 15 0	2013 13 5	...
Reopur	9,891	1,303 1 6	12,120 14 0	13,920 15 0	1,223 15 6	1,223 14 6	51 7 10	...
Dohad	41,807	1,761 1 0	10,220 1 0	939 8 6	146 8 11	146 8 5	1,009 4 7	...
Dehgan	5,154	764 10 0	4,543 10 0	5,254 15 0	695 12 11	695 12 8	533 13 5	...
Talod	24,498	822 5 0	2,041 5 0	2,309 14 6	293 4 9	293 4 2	2,662 11 7	...
Prantij	10,414	1,070 13 0	6,781 13 0	8,463 8 0	974 7 0	974 6 7	1,169 6 8	...
Pras Ahmednagar	31,698	513 1 6	3,439 9 6	4,163 11 6	494 3 5	494 2 9	51 4 8	...
Palud	17,279	90 0 0	670 0 0	647 8 0	81 14 4	81 14 4	97 6 9	...
Patan	2,880	132 4 6	887 12 6	826 12 1	120 6 0	120 5 8	1,398 5 11	...
Korali	4,333	450 10 6	2,854 2 6	8,753 0 4	410 1 6	410 1 1	...	Not open.
Dessa	14,431	...	...	...	...	...	...	...
Cambar	...	...	...	...	...	...	...	...
Dholka	...	...	...	...	...	...	...	...
Total	4,18,753	13,084 0 0	92,684 10 0	98,972 7 11	12,066 2 8	12,066 10 0	+2,027 12 0	...
Net result	...	...	...	...	...	...	...	...
Ahmedabad Depdt	69,165	2,161 1 6	13,686 14 10	9,154 10 4	Proportion of establishment charges	4,114 8 0	+310 3 10	...
					Interest on cost of construction and repairs	2,238 10 2		...
					Total	6,353 2 2	NET LOSS	...
							NET LOSS	...

(a) At 4 annas 6 pice per month in the case of the agencies at Abu Road, Robara, Gedhera, and Dohad.

APPENDIX II—(contd.).

Profit and loss statement showing the working of the agency system in the Bombay Presidency—contd.
 1900-1901.

Name of Agency.	Sales.	Credit.		Actual freight.	Debit.		Net Result.		Remarks.
		Rs. a. p.	Rs. a. p.		Commission at 1 per cent.	Wages at 1 per cent (at Rs. 15-6 per month).	Rs. a. p.	Rs. a. p.	
Virangam	6,706	212 7 0	1,345 7 0	477 15 9	103 5 1	193 5 1	693 4 1	...	...
Sanaud	7,972	249 2 0	1,577 12 8	1,038 0 4	226 11 2	226 10 4	335 8 10	...	...
Nadiad	19,314	608 9 0	3,822 9 0	3,621 6 0	549 3 2	549 3 2	...	...	...
Amrad	11,319	353 11 6	2,240 3 6	2,358 2 0	321 14 1	321 13 5	65 0 2	...	...
Mehmedabad	11,549	360 14 6	2,285 11 10	1,224 13 4	328 6 9	328 6 1	...	...	...
Wasad	7,868	245 14 0	1,557 3 4	1,803 1 4	223 11 11	223 11 8	...	...	...
Baroda	5,760	180 0 0	1,140 0 0	1,440 0 0	163 12 9	163 12 9	...	...	...
Dakara	28,230	882 3 0	5,887 3 0	6,910 7 6	802 12 7	802 12 7	...	...	...
Unwerth	1,854	57 13 0	366 15 0	434 8 6	52 11 6	52 10 10	...	...	...
Thakra	8,019	278 11 6	1,765 3 6	1,307 12 6	253 10 1	253 9 5	...	...	...
Kalol	8,817	275 8 6	1,745 0 6	1,311 11 9	250 10 9	250 10 9	...	...	...
Dangara	26,922	595 10 0	6,078 10 0	4,158 14 0	515 14 10	515 13 11	...	...	...
Mahana	4,074	137 5 0	806 5 0	753 4 3	113 13 8	115 12 11	...	...	...
Unjia	11,388	353 14 0	2,253 14 0	2,283 8 6	323 13 6	323 13 4	...	...	...
Sidapur	12,714	397 5 0	2,616 5 0	2,945 11 9	361 8 9	361 8 2	...	...	...
Palampur	50,643	1,552 9 6	14,770 14 0	14,517 1 9	1,487 10 2	1,487 9 11	...	...	...
Gedhera	7,452	232 14 0	2,173 8 0	2,192 14 6	218 14 9	218 13 6	...	...	...
Abu Road	3,381	103 10 6	846 2 0	1,083 15 7	99 5 0	99 4 5	...	...	...
Robara	6,910	154 11 0	1,169 11 0	1,291 4 0	168 1 0	168 1 0	...	...	...
Reopur	43,185	1,549 8 6	12,595 10 0	13,495 5 0	1,363 8 11	1,363 8 11	...	...	...
Dohad	5,772	180 6 0	1,142 6 0	1,052 3 0	164 2 3	164 2 5	...	...	...
Dehgan	20,136	679 4 0	2,985 4 0	4,269 14 0	572 9 10	572 9 5	...	...	...
Talod	10,408	322 2 0	2,040 2 0	2,308 9 0	293 2 1	293 1 10	...	...	...
Prantij	29,811	921 9 5	6,900 1 6	7,452 12 0	847 13 0	847 11 6	...	...	...
Pras Ahmednagar	29,065	689 8 6	4,367 0 6	6,286 6 6	627 7 6	627 7 6	...	...	...
Palud	7,554	266 1 0	1,495 1 0	1,511 8 3	214 13 0	214 12 4	...	...	...
Patan	6,498	268 1 0	1,263 1 0	1,322 0 3	184 13 3	184 12 4	...	...	...
Korali	16,407	512 11 6	3,247 3 6	4,315 6 1	466 9 2	466 8 3	...	...	...
Dessa	...	...	...	...	...	...	...	...	...
Cambar	...	...	...	...	...	...	...	...	...
Dholka	...	...	...	...	...	...	...	...	...
Total	4,04,360	12,637 3 0	59,847 7 10	92,743 15 5	11,597 13 0	11,597 1 9	+2,399 12 9	...	...
Net result	...	...	...	...	...	...	...	...	...
Ahmedabad Depdt	69,003	1,876 1 6	11,875 9 6	7,969 2 4	Proportion of establishment charges	4,114 8 0	...	...	...
					Interest on cost of construction and repairs	2,238 10 2	...	...	...
					Total	6,353 2 2	NET LOSS	...	...
							NET LOSS	...	...

(a) At 4 annas 6 pice per month in the case of the agencies at Abu Road, Robara, Gedhera, and Dohad.

APPENDIX II—(contd.).
Profit and loss statement showing the working of the agency system in the Bombay Presidency—contd.
 1901-02.

Names of Agencies.	Sales.	CREDIT.		DEBIT.		NET RESULT.		REMARKS.
		Royalty at 6 pies per maund.	Freight at 3 annas 2 pies per maund (a).	Actual freight.	Commission at 1 per cent.	Wastage at 1 per cent (at Rs. 13-6 per maund).	+ R a. p. - R a. p.	
Virangam	Maunds.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
Sanand	6,552	195 6 0	1,297 6 0	439 9 6	177 12 7	177 11 9	637 10 2	...
Nadiad	5,516	184 14 0	1,170 14 0	770 5 0	168 3 9	168 3 3	249 0 0	...
Anand	19,077	566 2 6	3,775 10 6	3,576 15 0	542 8 0	542 7 1	...	290 1 1
Mehmedabad	11,858	365 4 0	2,313 4 0	2,435 0 0	332 6 0	332 5 9	...	421 3 9
Wasad	9,999	312 7 6	1,978 15 6	1,666 8 0	284 5 6	284 4 10	56 4 8	...
Baroda	7,993	231 0 6	1,463 3 2	1,694 3 8	210 3 9	210 3 7	...	420 7 4
Dakore	7,191	224 11 6	1,423 3 6	1,797 12 0	204 7 10	204 7 5	...	558 12 3
Umreth	24,600	768 12 0	4,868 12 0	6,021 14 0	699 9 0	699 9 0	...	1,783 8 0
Thasra	927	23 15 6	183 7 6	217 4 3	26 5 9	26 4 10	...	57 7 10
Kalol	6,891	215 5 6	1,363 13 6	933 2 6	195 15 4	195 14 11	254 2 3	...
Dangarwa	6,687	208 15 6	1,328 7 6	1,010 0 3	190 3 7	190 1 8	142 1 6	...
Mehsana	16,551	517 3 6	3,275 11 6	2,416 10 1	470 10 6	470 10 3	435 0 2	...
Unjha	3,624	113 4 0	717 4 0	670 1 0	103 0 9	103 0 2	...	45 9 11
Sidpur	10,005	312 0 6	1,980 2 6	2,006 8 4	284 8 9	284 8 3	...	282 7 4
Palpur	11,871	370 15 6	2,349 7 6	2,751 5 7	337 9 3	337 9 0	...	706 6 10
Godhra	35,439	1,107 7 6	10,336 6 0	10,151 12 9	1,041 0 3	1,040 15 7	...	789 15 1
Ala Road	5,340	166 14 0	1,037 8 0	1,571 6 6	156 13 9	156 13 9	...	160 12 0
Bohara	2,766	86 7 0	503 12 0	885 15 9	81 4 0	81 3 6	...	155 4 3
Rampur	6,492	212 14 0	1,284 14 0	1,352 8 0	184 9 10	184 8 11	...	233 14 9
Dohad	36,123	1,128 13 6	10,535 14 0	11,288 7 0	1,061 1 9	1,061 1 3	...	1,745 14 6
Delgam	4,213	131 11 6	834 3 6	708 5 9	119 13 9	119 13 9	...	42 2 3
Talad	12,909	403 6 6	2,654 14 6	2,756 9 9	367 1 7	367 0 11	...	532 7 3
Prantij	7,820	244 11 0	1,549 11 0	1,753 9 6	222 10 7	222 10 7	...	404 8 9
Idar Ahmednagar	5,970	648 15 6	4,097 7 6	5,175 12 0	588 11 10	588 11 7	...	1,608 12 5
Petalad	21,101	659 6 6	4,176 3 10	5,035 7 2	660 0 11	660 0 6	...	1,419 14 3
Patun	9,652	298 8 0	1,800 8 0	1,844 12 0	271 10 1	271 9 3	...	198 15 4
Kerani	9,642	301 5 0	1,908 5 0	1,910 15 3	274 8 0	274 8 4	...	249 11 7
Dasa	9,876	308 10 0	1,954 10 0	2,597 9 6	280 13 6	280 13 3	...	506 0 3
Cambay	4,207	131 7 6	832 10 2	1,161 4 11	119 10 2	119 9 3	...	436 6 8
Dhoka	...	...	...	...	...	...	...	Not open.
TOTAL	3,34,867	10,464 9 6	73,744 10 2	76,281 6 0	9,527 7 4	9,526 9 2	+1,174 2 9	-13,440 5 7
Net result	...	...	...	...	...	...	...	-11,666 2 10
Ahmedabad Depôt	57,176	1,756 13 0	11,316 1 4	7,593 11 0	Proportion of establishment charges	4,114 8 0	...	-843 15 10
					Interest on cost of construction and repairs	2,238 10 2	...	...
						6,353 2 2	NET LOSS	12,510 2 3

APPENDIX II—(concl.).

Profit and loss statement showing the working of the agency system in the Bombay Presidency—concl.
 1902-1903.

Names of Agencies.	Sales.	CREDIT.		DEBIT.		NET RESULT.		REMARKS.
		Royalty at 6 pies per maund.	Freight at 3 annas 2 pies per maund (a).	Actual freight.	Commission at 1 per cent.	Wastage at 1 per cent (at Rs. 13-6 per maund).	+ R a. p. - R a. p.	
Virangam	Maunds.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
Sanand	2,356	72 0 6	456 3 2	162 1 1	65 6 9	64 7 4	236 4 6	...
Nadiad	6,456	201 12 0	1,277 12 0	840 10 0	183 4 2	179 4 1	276 5 9	...
Anand	18,765	586 6 6	3,713 14 6	3,518 7 0	531 8 8	531 8 3	...	269 2 11
Mehmedabad	12,889	386 9 6	2,442 1 6	2,376 10 0	350 2 8	342 5 6	65 13 5	435 7 2
Wasad	10,377	324 4 8	2,053 12 6	1,723 8 0	234 5 6	234 5 1	...	482 3 7
Baroda	8,628	269 10 0	1,707 10 0	1,977 4 0	244 12 11	237 6 8	...	471 0 2
Dakore	6,144	192 0 0	1,216 0 0	1,556 0 0	174 6 0	168 10 2	...	1,793 10 4
Umreth	25,008	781 8 0	4,949 8 0	6,121 12 0	709 4 7	693 9 9	...	...
Thasra	Nil	...	...	...	...	...	...	...
Kalol	6,591	205 15 6	1,304 7 6	893 8 6	186 13 3	181 7 10	249 9 5	...
Dangarwa	6,456	201 12 0	1,277 12 0	976 2 0	181 15 3	177 11 7	432 13 2	...
Mehsana	14,643	438 13 6	2,779 5 6	2,611 5 10	397 2 8	386 13 4	...	38 0 10
Unjha	3,243	101 5 6	641 13 6	599 10 0	81 15 6	80 10 6	...	248 5 1
Sidpur	9,090	284 1 0	1,799 1 0	1,822 11 9	257 12 10	250 14 6	...	615 2 6
Palpur	10,494	327 15 0	2,076 15 0	2,482 3 3	298 0 0	289 13 3	...	810 14 1
Godhra	38,202	1,193 13 0	11,142 4 0	10,913 4 6	1,116 12 3	1,089 14 4	...	161 7 3
Ala Road	5,532	172 14 0	1,013 8 0	1,027 14 6	162 1 6	157 13 3	...	184 1 2
Bohara	3,889	104 5 6	973 14 0	1,069 8 4	97 11 9	95 0 7	...	216 8 7
Rampur	6,150	192 8 0	1,317 8 0	1,282 1 4	174 7 8	169 0 7	...	43 11 4
Dohad	4,752	132 11 6	840 8 0	1,287 3 0	124 10 2	121 5 11	...	668 12 5
Delgam	16,599	418 8 0	2,640 8 0	2,866 4 0	349 7 11	348 10 3	...	429 0 11
Prantij	8,837	518 11 6	3,285 3 6	3,544 9 3	409 7 11	458 10 3	...	1,869 0 9
Idar Ahmednagar	24,454	763 14 0	4,837 14 0	6,111 0 0	690 0 1	669 12 8	...	1,004 1 9
Petalad	18,444	613 14 0	3,934 8 8	3,939 11 4	466 4 5	455 8 1	...	138 2 11
Patun	8,250	257 13 0	1,632 13 0	1,568 5 9	233 3 6	227 3 8	...	200 2 6
Kerani	9,054	282 15 0	1,791 15 0	1,768 5 9	266 11 9	249 14 11	...	891 4 5
Dasa	9,801	300 0 6	1,900 3 2	2,525 4 2	271 14 5	264 5 6	...	642 13 4
Cambay	6,249	195 4 6	1,286 12 6	1,724 15 9	177 2 4	172 13 3	...	...
Dhoka	...	...	...	...	...	...	...	Not open.
TOTAL	3,20,411	10,006 9 6	75,574 5 6	70,315 7 2	9,098 4 8	9,452 7 8	+1,305 9 5	-13,680 13 11
Net result	...	...	...	...	...	...	...	-12,285 4 6
Ahmedabad Depôt	59,629	1,563 11 6	11,503 8 10	7,220 12 10	Proportion of establishment charges	4,114 8 0	...	-606 10 8
					Interest on cost of construction and repairs	2,238 10 2	...	...
						6,353 2 2	NET LOSS	-12,891 15 2

(a) At 4 annas 5 pies per maund in the case of the agencies at Abu Road, Bohara, Godhra, and Dohad.

ABSTRACT.

Profit and loss statement showing the working of the agency system in the Bombay Presidency.

Year.	Net Loss.
	<i>R a p.</i>
1898-1899 . . .	17,069 6 2
1899-1900 . . .	13,903 8 9
1900-1901 . . .	14,025 13 10
1901-1902 . . .	12,510 2 8
1902-1903 . . .	12,801 15 2
Total Loss . . .	70,400 11 7
Average Annual Loss . . .	14,080 2 4

APPENDIX III.
Comparative statement of the retail prices of salt at certain markets in Gujarat and the Punjab. [Chapter IV, paragraph 10 (b).]

NAME OF Mkt.	Distance from source.	Average annual retail prices of salt (in rupees to the rupee).										
		1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.
Khalra	(i. e., Kharaghoda). (About) 86 miles .	12-27	12-45	12-0	12-0	12-1	12-5	12-5	12-42	12-55	12-54	
Baroda	125 "	10-62	11-0	11-42	11-39	11-5	11-5	11-5	11-5	11-87	12	
Ahmedabad	63 "	13-63	13-62	13-62	13-5	13-5	13-5	13-5	13-5	13-5	13-5	
Godhra	163 "	12-46	12-5	12-5	12-23	12-0	12-0	12-0	12-02	12-83	12-62	
Dessa	121 "	11-0	11-0	11-0	11-0	11-5	12-31	13-03	13-09	12-95	13-0	
Rawal Pindi	(i. e., Khewra). (About) 158 miles .	12-94	13-47	13-45	13-56	13-65	13-66	13-68	13-6	13-54	13-64	
Lahore	143 "	11-48	12-55	12-77	13-66	12-9	12-86	12-88	12-8	12-78	12-74	
Shikoh	108 "	13-34	13-37	13-5	13-47	13-66	13-75	13-75	13-75	13-75	13-73	
Amritsar	175 "	12-04	12-0	12	12	12	12	12	12	12	12	
Jalandhar	226 "	12-04	12-04	12-04	13	13	13	13-98	13	13	13	

Notes.—Figures taken from the statistics of Prices and Wages in India.

RAILWAY FREIGHT RATES OF SALT.

APPENDIX IV.

Statement of railway freight rates of salt per maund between the Kharaghoda source and the agencies named. [Chapter IV, paragraph 10 (b).]

Agency or depot.	All-round freight in sale at agency.	Actual freight per maund.	Difference between actual freight and all-round rate.	
			+	-
Virangam	3			2 1/2
Sanand	2 1/2	2 1/2		
Nadiad	2 1/2	3 0		
Anand				
Mehmedabad				
Wasad				
Baroda				
Dakore				
Umreth				
Thasra				
Kalol				
Dangarwa				1 1/2
Mehsana				
Unjha		2 11 1/2		
Sidhner		3 2 1/2		
Pal				
Go				
Al			0 0 1/2	
Rohera		3 1 1/2	0 5 1/2	
Ranpur		3 1/2	0 2	
Dohad			0 4	
Dehgam				
Talod			0 3	
Prantij		3 1/2	0 5	
Idar Ahmedabad		4	0 10	
Petlad		3 10	0 8	
Patan				0 1 1/2
Kheralu				0 1/2
Deesa			0 1/2	
Cam			1 3	
Dholka				Not open.
Ahmedabad			1 1/2	

* The rate per

verage annual consignment
Presidency

Year.	In Guineas
1876-76	7,37,836
1876-77	
1877-78	
1878-79	
1879-80	
1880-81	
1881-82	
1882-83	7,45,000
1883-84	7,50,000
1884-85	
1885-86	
1886-87	
1887-88	
1888-89	
1889-90	
1890-91	
1891-92	
1892-93	
1893-94	
1894-95	
1895-96	
1896-97	8,633,220
1897-98	
1898-99	
1899-1900	
1900-1901	7,10,710
1901-1902	
1902-1903	

DISTRIBUTION OF BOMBAY SEA SALT.

APPENDIX VI.
Statement showing the distribution of Bombay Sea Salt during each of the ten years ending 1902-1903. [Chapter V, paragraph 4.]

Year.	Central Provinces.	Central India.	Nizam's Territory.	Calcutta.	MAHARASHTRA.		Foreign Malabar. (Cochin and Travancore.)	Mysore.	Within the Bombay Presidency.	Grand Total.
					British Malabar.	Rest of the Presidency.				
1893-94	Mds. 11,70,664	Mds. 5,010	Mds. 8,73,799	Mds. 5,15,908	Mds. 11,26,791	Mds.	Mds. 6,83,768	Mds. 1,14,764	Mds. 24,42,420	Mds. 68,18,136
1894-95	11,40,532	1,802	8,55,356	7,18,231	15,78,139		7,47,660	1,01,967	25,06,275	76,40,896
1895-96	13,62,280	17,437	5,57,543	4,44,572	16,42,046		5,48,454	1,07,361	25,61,536	72,42,801
1896-97	13,60,289	16,032	5,68,380	5,78,239	14,43,180		4,18,290	1,36,666	24,71,405	69,85,490
1897-98	13,10,522	15,814	5,61,954	5,41,349	11,28,223	3,54,974	5,55,376	2,12,519	26,13,205	72,93,863
1898-99	13,25,528	17,255	6,90,689	5,57,373	12,62,040	1,85,567	7,12,264	3,87,490	22,59,363	73,85,794
1899-1900	11,17,365	12,060	7,14,759	5,45,587	12,29,076	1,53,010	5,31,876	4,03,891	23,89,628	71,37,764
1900-01	10,49,980	8,861	8,75,303	6,34,760	11,62,831	2,22,152	7,09,343	3,81,399	21,75,542	72,12,774
1901-02	10,69,067	7,923	8,85,338	7,44,462	14,57,831	2,19,356	7,36,002	2,17,602	21,50,486	75,08,067
1902-03	10,58,678	11,390	9,65,745	5,31,305	12,17,758	2,47,148	6,31,946	3,90,424	20,33,383	71,31,100
TOTAL	1,19,25,775	1,13,467	75,55,106	58,61,076	1,46,33,610		62,10,946	25,54,013	2,35,60,233	17,24,60,007

* Includes 65 maunds sent to the United Provinces.
† Includes 672 maunds sent to the United Provinces.
‡ Includes 6955 maunds sent to the United Provinces.
NOTE.—Figures taken from the Bombay Departmental Reports.

APPENDIX VII.

Statement showing the quantities of Bombay Sea Salt manufactured, sold, and held in stock during the 20 years ending 1902-03. [Chapter V, paragraph 5.]

(In lakhs of maunds.)

YEAR.	Quantity manufactured.	Quantity sold.	QUANTITY HELD IN RESERVE STOCK ON		
			30th September.	31st December.	31st March.
1883-84	57	54	36	21	6
1884-85	63	56	37	21	5
1885-86	67	60	39	21	7
1886-87	66	62	37	18	4
1887-88	73	65	40	21	5
1888-89	81	64	47	28	16
1889-90	86	62	65	49	32
1890-91	69	66	59	40	24
1891-92	83	74	57	36	22
1892-93	68	70	45	25	9
1893-94	69	63	36	17	5
1894-95	93	76	52	35	13
1895-96	90	72	60	40	23
1896-97	72	70	43	28	16
1897-98	82	73	56	34	15
1898-99	78	74	48	25	9
1899-1900	77	72	43	23	9
1900-01	102	72	73	50	29
1901-02	71	76	59	38	16
1902-03	76	71	52	32	13
Annual average	76	67	49	30	13

NOTE.—Figures supplied by the Collector of Salt Revenue, Bombay.

APPENDIX VIII.

Statement showing the quantities of Bombay salt consigned to, and delivered in, the States of Cochin and Travancore. [Chapter VI, paragraph 8.]

COCHIN.

Year.	Quantity consigned for.	Quantity shipped from Bombay.	Quantity delivered.	Short delivery (column 3) minus column 4.	Duty at Rs. 5.0 per maund leviable upon the quantity shown in column 5.	Duty actually realised upon short deliveries.	Explanation of the difference, if any, between duty shown as leviable (column 6) and that actually levied (column 7).
1	2	3	4	5	6	7	8
1069 M. E.	Mds. 1,90,000	Mds. 1,88,714	Mds. 1,81,133	Mds. 7,681	R. a. p. 18,952 8 0	R. a. p. 19,351 8 3	Difference, Rs. 399-0-3, is the penalty of R. 4½ per cent. levied on 7,681 maunds (shown as short delivery in column 5) as well as on 1,286 maunds not shipped (i.e., column 2 minus column 3) in addition to the usual duty of R. 2½ per maund on 7,681 maunds.
1070 "	1,80,000	1,74,115	1,69,108	5,007	12,517 8 0	12,772 8 2	Difference, Rs. 254-11-2, is the additional penalty of R. 4½ per cent. levied, as above, on 5,007 maunds short delivered as well as on 653 maunds not shipped. [No such penalty was levied on 5,252 maunds not shipped by contractor Hari Sheno.]
1071 "	1,70,000	1,68,320	1,62,522	5,798	14,405 0 0	14,831 8 2	Difference, Rs. 399-8-2, is the penalty of R. 4½ per cent. levied, as above, on 5,798 maunds short delivered and 1,680 not shipped.
1072 "	1,30,000	1,30,000	1,26,566	3,434	8,555 0 0	8,739 8 6	Difference, Rs. 184-8-6, is the additional penalty of R. 4½ per cent. levied, as above, on 3,434 maunds. [The whole quantity consigned for was shipped.]
1073 "	1,80,000	1,79,872	1,78,750	5,922	14,805 0 0	15,085 4 0	Difference, Rs. 281-4-0, is the additional penalty of R. 4½ per cent. levied, as above, on 5,922 maunds short delivered and 328 not shipped.
1074 "	1,80,000	1,80,000	1,74,898	5,102	12,755 0 0	12,984 9 5	Difference, Rs. 229-5-5, is the additional penalty of R. 4½ per cent. levied, as above, on 5,102 maunds short delivered and 328 not shipped.
1075 "	1,60,000	1,60,000	1,54,146	5,854	14,695 0 0	14,860 9 8	[The whole quantity consigned for was shipped.]
1076 "	1,70,000	1,70,000	1,65,558	4,442	10,855 0 0	10,855 0 0	Out of 5,854 maunds shown as short delivery in column 5, duty at R. 2½ per maund was realised only on 3,114—9-57. As the balance, 477-30-23 maunds, were allowed as a 1 per cent. wastage to contractor Hari Sheno; 2,232 maunds shipped from Bombay by the same contractor did not arrive, and a suit is in progress for the recovery of the amount due from him.
1077 "	1,80,000	1,80,000	1,75,929	4,071	10,177 8 0	10,177 8 0	
1078 "	1,90,000	1,90,000	1,83,103	6,897	17,242 8 0	17,031 0 0	Difference, Rs. 208-8-0, On 417 maunds out of 6,897 maunds short delivered, only the reduced rate of duty, viz., R. 2 per maund was recovered. Hence the decrease in the amount actually realised.
Total	17,30,000	17,20,821	16,86,813	54,008			
Average	1,73,000	1,72,082	1,66,881	5,400			

1078 M. E.—1st August 1902 A. D. to 31st July 1903 A. D.
NOTE.—Figures supplied by the Dewan of Cochin.

APPENDIX VIII—concl'd.

Statement showing the quantities of Bombay salt consigned to, and delivered in, the States of Cochin and Travancore—concl'd.

TRAVANCORE.

Year.	Quantity consigned for.	Quantity shipped from Bombay.	Quantity delivered.	Short delivery (column 3) minus column 4.	Duty at Rs. 5.0 per maund leviable upon the quantity shown in column 5.	Duty actually realised upon short deliveries.	Explanation of the difference, if any, between the duty shown as leviable (column 6) and that actually levied (column 7).	REMARKS.
1	2	3	4	5	6	7	8	9
1069 M. E.	Mds. 3,80,000	Mds. 3,76,464	Mds. 3,65,976	10,488	R. 26,221	26,221	Nil	The balance of salt due under the contract of each year has been included in that year. The figures given will not therefore tally with those given in the Administration Reports of the State in which only the actual landings of the year under report are shown.
1070 "	4,58,000	4,54,065	4,43,692	10,373	25,931	25,931	Nil	
1071 "	3,50,000	3,47,802	3,39,428	8,374	20,934	20,934	Nil	
1072 "	2,96,000	2,95,084	2,87,154	6,930	22,327	22,327	Nil	
1073 "	4,22,000	4,21,269	4,07,616	13,653	34,134	34,134	Nil	
1074 "	5,23,000	5,14,543	4,90,586	23,957	59,894	59,894	Nil	
1075 "	6,00,000	5,58,938	5,47,759	11,179	27,945	27,945	Nil	
1076 "	5,90,000	4,56,158	4,38,104	18,054	45,135	45,135	Nil	
1077 "	5,00,000	4,29,136	4,23,152	5,984	14,960	14,960	Nil	
1078 "	6,80,000	6,26,152	6,10,785	15,367	36,693	36,693	Nil	*Duty at R. 2 and 2½ per maund. This includes 10,000 maunds of 1077 which were shipped along with the salt of 1078. Duty on 10 maunds 33 seers excess shipped was realised at Bombay.
Total	47,49,000	44,80,611	43,51,252	1,26,359				
Average	4,74,900	4,48,061	4,35,425	12,636				

1078 M. E.—1st August 1902 A. D. to 31st July 1903 A. D.
NOTE.—Figures supplied by the Dewan of Travancore.

APPENDIX IX.

Statement showing the results of experiments in the Madras Presidency with the manufacture of light salt according to Bombay methods. [Chapter VII, paragraph 7.]

NAME OF FACTORY.	Year of Manufacture.	QUANTITY OF LIGHT GRAINED SALT.				QUANTITY OF SMALL GRAINED SALT.				NUMBER OF MANDS RELATIVE TO THE MAND.			COST OF PRODUCTION PER MAND.	
		Mand.	Sold.	Waste.	Issued for salt curing.	Mand.	Sold.	Waste.	Issued for salt curing.	Large grained salt.	Small grained salt.	Small grained salt.	Large grained salt.	Small grained salt.
Ennore circle (Attipatt and Vallur factories).	1900	Mds. 43,844	Mds. 49,891	Mds. 453	Mds. ...	Mds. 2,19,998	Mds. Nil (a)	Mds. Nil (a)	Mds. ...	26 to 31½	25 to 28	25 to 28	As. 3	P. 62
	1901	Mds. 1,13,842	Mds. 1,04,302	Mds. 9,216	Mds. 324	Mds. 6,96,405	Mds. Nil (a)	Mds. Nil (a)	Mds. ...	25½ (d) to 29	24½ (d) to 25½	24½ (d) to 25½	As. 3	P. 1
	1902	Mds. 2,08,919	Mds. 1,90,475	Mds. 18,444	Mds. ...	Mds. 9,62,037	Mds. Nil (a)	Mds. Nil (a)	Mds. ...	28 (d) to 28½	23½ (d) to 27	23½ (d) to 27	As. 2	P. 58
	1903	Mds. 4,72,024	Mds. 1,76,255 (c)	Mds. ...	Mds. ...	Mds. Nil (b)	Mds. Nil (b)	Mds. Nil (b)	Mds. ...	23½ (d) to 27½	Nil	Nil	As. 2	P. 98
Karambalam Extension	1899	Mds. 5,668	Mds. 5,273	Mds. 295	Mds. ...	Mds. 5,508	Mds. 5,192	Mds. 311	Mds. ...	28 to 33	25 to 27½	25 to 27½	As. 3	P. 07
	1900	Mds. 43,107	Mds. 41,665	Mds. 1,414	Mds. 28	Mds. 54,026	Mds. 53,886	Mds. 904	Mds. 146	28½ to 34½	25½ to 31½	25½ to 31½	As. 2	P. 20
	1901	Mds. 86,920	Mds. 84,664	Mds. 1,108	Mds. 246	Mds. 33,107	Mds. 32,429	Mds. 6,140	Mds. ...	...	...	...	As. 2	P. 21
Seraudakulam Extension	1900	Mds. 20,400	Mds. 29,639	Mds. 1,206	Mds. ...	Mds. 71,162	Mds. 240	Mds. Not known	Mds. 1,46,026	28 to 30½	23 to 24	23 to 24	As. 2	P. 2
	1901	Mds. 10,445	Mds. ...	Mds. ...	Mds. ...	Mds. 75,904	Mds. ...	Mds. ...	Mds. ...	28 to 30½	21 to 24	21 to 24	As. 2	P. 2
Adirampattanam Extension	1901	Mds. 11,201	Mds. 10,180	Mds. 1,021	Mds. ...	Mds. 25,749	Mds. 24,075	Mds. 1,804	Mds. ...	25½ to 31	22 to 26	22 to 26	As. 1	P. 107
TOTAL	...	Mds. 8,80,770	Mds. 6,34,244	Mds. 38,157	Mds. 600	Mds. 2,14,247	Mds. 1,07,552	Mds. 9,139	Mds. 1,46,173	...	...	...	...	...

(a) Small grained salt was mixed with the ordinary salt. It was not sold separately.

(b) Being was abandoned in 1903.

(c) Sold up to the rate of 1½ Mds. per 100 Mds. of salt.

(d) After trial in the Madras Dept.

Note.—Figures supplied by the Board of Revenue, Madras.

APPENDIX X.

Statement showing the importations of Madras and Bombay salts into various areas. [Chapter VII, paragraph 11.]

(In thousands of pounds.)

Year.	MADRAS PRESIDENCY.				CENTRAL PROVINCES.				NIZAM'S TERRITORY.				MISRA AND COOCH.			
	Bombay salt (a).	Madras salt.	Bombay salt (a).	Madras salt.	Bombay salt (a).	Madras salt.	Bombay salt (a).	Madras salt.	Bombay salt (a).	Madras salt.	Bombay salt (a).	Madras salt.	Bombay salt (a).	Madras salt.	Bombay salt (a).	Madras salt.
1884-85	Nil	329	Nil	87	Nil	267	Nil	984	392	185	...	306	...	...	...	...
1885-86	Nil	329	Nil	76	Nil	258	Nil	1,116	636	159	32	322	...	...	...	...
1886-87	Nil	325	Nil	75	Nil	275	Nil	1,176	803	275	40	405	...	...	...	...
1887-88	Nil	221	Nil	87	Nil	248	Nil	1,184	866	213	47	378	...	...	...	...
1888-89	Nil	233	Nil	84	Nil	239	Nil	1,185	995	207	1	245	...	...	...	...
1889-90	Nil	216	Nil	75	Nil	218	Nil	1,301	654	131	...	228	...	...	...	...
1890-91	Nil	233	Nil	89	Nil	155	Nil	1,172	653	140	41	194	...	...	...	...
1891-92	Nil	204	Nil	141	Nil	186	Nil	1,398	718	156	75	85	...	...	...	...
1892-93	Nil	207	Nil	145	Nil	143	Nil	1,354	756	177	113	145	...	...	...	...
1893-94	Nil	207	Nil	129	Nil	175	Nil	1,101	874	141	115	110	...	...	...	...
1894-95	Nil	252	Nil	105	Nil	182	Nil	1,101	865	231	102	107	...	...	...	...
1895-96	Nil	224	Nil	105	Nil	231	Nil	1,141	855	215	107	107	...	...	...	...
1896-97	Nil	290	Nil	140	Nil	231	Nil	1,362	558	188	137	62	...	...	...	...
1897-98	Nil	219	Nil	180	Nil	188	Nil	1,300	596	187	213	82	...	...	...	...
1898-99	Nil	219	Nil	107	Nil	160	Nil	1,300	662	187	213	82	...	...	...	...
1899-1900	Nil	220	Nil	128	Nil	114	Nil	1,311	686	221	404	57	...	...	...	...
1900-01	Nil	235	Nil	137	Nil	165	Nil	1,335	715	265	312	70	...	...	...	...
1901-02	Nil	246	Nil	173	Nil	98	Nil	1,050	885	186	318	53	...	...	...	...
1902-03	Nil	262	Nil	162	Nil	108	Nil	1,069	969	183	390	60	...	...	...	...
	Nil	259	Nil	99	Nil	89	Nil	1,089	...	...	...	...	...	...	...	...

Note.—The figures of Bombay salt given are of an salt. Figures are taken from the Board of Revenue Reports. (a) Includes both Bombay and Madras sea salts.

APPENDIX XI.

Collection of papers of the Mysore Durbar on the subject of the sale of light and heavy salt and the proposal that the retail sale of salt by weight should be made compulsory by law. [Chapter VII, paragraph 14.]

No. 924, dated Bangalore, the 24th February 1904.

From—R. C. H. MOSS KING, Esq., I.C.S., First Assistant to the Resident in Mysore.
To—The Secretary, Salt Committee, Calcutta.

With reference to your telegram dated the 9th February 1904, I am directed to forward herewith copy of a letter No. 2483 R., dated the 22nd February 1904, received from the Mysore Durbar, with its enclosures, containing a full report on the question of salt weighing.

2. In the opinion of Sir James Bourdillon legislation such as that proposed is unnecessary and would be futile as well as irritating. It is observed from the report now submitted that Bombay and Madras salt are about equally popular, and that it is a matter of custom and practice which salt the people eat. To insist that it should be sold by weight would be an innovation which, in the Resident's opinion, is based on purely academic grounds, and he is satisfied that if it were enforced the purchaser would be defrauded by weight just as easily as he is now by measure. It is common knowledge that false weights abound in every bazaar and are commonly used by all classes of shopkeepers. Lastly salt is so cheap a commodity that it is unnecessary to legislate on the sale of it—*De minimis non curat lex*.

Extract from the Proceedings of the Government of His Highness the Maharaja of Mysore, No. 1676-83 (Revenue), dated Bangalore, the 14th December 1903.

ORDER.—Deputy Commissioners are aware that the Government of India reduced the excise duty on salt from R2-8-0 to R2-0-0 per maund, with effect from 1st April last. This is a reduction of 20 per cent. Deputy Commissioners are requested to report to what extent the local wholesale and retail prices of salt have been influenced by this reduction, and if not, why not? A retrospect of fortnightly prices as quoted for Bangalore and Chitaldrug, two districts selected as being typical of the situation, shows that prices in Chitaldrug may be regarded as having been affected by reduction in duty, but not so the prices ruling in Bangalore. Deputy Commissioners will, however, have to examine the subject for their respective districts in other ways also. (For the retrospect, see the foot-note appended to these Proceedings.)

2. There is a distinction between Madras salt and Bombay salt, and statistics of rail-borne trade show that while the imports of sea-salt into Mysore have on the whole increased, Bombay salt has been in much greater request than Madras salt. What may be the reason of this?

3. What is the local feeling and practice as regards the sale of light (that is, large grained) and heavy (that is, small grained) salt, and how does the price vary according as the article is the one or the other? How is each kind sold in wholesale and retail transactions respectively, whether by weight or by measure?

4. It is alleged that sale by measure is the common retail practice, and that the price of a measure of salt is ordinarily uniform whatever the variety. On the other hand, sale at the producing works is by weight. It therefore pays the dealer to purchase light salt by weight in preference to heavy salt, and to retail by measure, since one maund's weight of light salt is equivalent to the larger number of measures which it yields than one maund's weight of heavy salt. This, it is argued, is a fraud against which the consumer should be protected. In buying a measure of light salt he is in reality buying less for the same price than in purchasing a measure of heavy salt. It is urged further that in so far as the consumer loses, the Indian Government also shares in the loss caused by a decreased consumption. Under these circumstances, the Government of Madras have advocated legislation to make the retail sale of salt by

APPENDIX XI—contd.

weight compulsory at the option of the purchaser. Is there any local feeling in this matter, more especially among the Mysore officials and leading merchants?

FOOT-NOTE.—An examination of the fortnightly price returns as furnished by Deputy Commissioners and published in the Gazette yields the following results.

Bangalore, Wholesale.—In 1902 the price was R32-8-4 per ten maunds in the first fortnight of April. It continued at this figure till the middle of June, when it rose to R35-10-4. But, at the end of June, it fell to R24-9-11, at which figure it continued to the end of the year. In the current year (1903), on the other hand, the price stood at R32-4-5 on 15th April, and continued at this rate till the end of May, when it fell to R29-3-1; but it rose again to R32-8-5 on 15th June, at which figure it has stood since. Thus, on the whole, the wholesale price of sea-salt in Bangalore has this year, notwithstanding the reduction of duty, been the same as in the first half of last year, and about 33 per cent dearer than in the second half of last year.

Retail.—The retail rates also show much the same state of things. Except for a slight variation in May, it was 12 seers 1 chatak per rupee in 1902, and it has been 11 seers 8 chataks per rupee in 1903.

Chitaldrug, Wholesale.—In 1902 the wholesale price per ten maunds was quoted at R41-2-3 in the first fortnight of April, and every succeeding fortnight till the middle of July, when it rose to R45-11-5 and remained at this higher figure till the end of September, when it rose further to R51-6-10. In 1903, on the other hand, the quotation was R45-11-5 for the first fortnight of April, but it soon fell to R41-2-3 at the end of May, at which figure it has since remained. Thus, on the whole, 1903, compared with 1902, does not show the great fluctuations of 1902, and the figures, contrasting as they do, as shown in the margin, suggest the inference that prices

have responded to the reduction in duty.

Retail.—The retail prices tell much the same tale. In 1902 the rate was 9 seers per rupee in the first fortnight of April, but ten seers in the second fortnight and afterwards up to the first fortnight of July, when it became 9 seers till the second fortnight in September, when it fell to 8 seers. In 1903, on the other hand, it was 9 seers in April and the first half of May, when it became ten seers per rupee and has continued thus till now.

Demi-official from Mr. LIONEL DAVIDSON, Commissioner of Coorg, dated 23rd December 1903.

YOUR demi-official of the 11th instant, regarding the sale of large and small grained salt. I have made enquiries on the subject and find the local practice is to sell salt by measure, not by weight. As might be expected, it is light or large grained salt which is ordinarily imported for sale. There does not appear to be any strong local feeling on the subject, but those of the consumers who appreciate the point in issue would prefer to buy salt by weight; I am informed that some of the Virajpet merchants are careful enough to obtain heavy salt for their own use.

Demi-official from Mr. E. S. LLOYD, Collector and District Magistrate, Civil and Military Station, Bangalore, dated 30th December 1903.

REFERENCE your demi-official of the 4th December on the question of the sale of large and small grained salt by measure. The matter is one of some intricacy with which I cannot pretend much acquaintance. I send you a memorandum prepared by Rolland and the Amildar. I have kept it back a day or two meaning to make some local inquiries myself but have found no opportunity. Rolland who has had some previous knowledge of the fight between Madras and Bombay salt doubts whether much would be gained by making sale by weight compulsory at the option of the purchaser.

The practice is as stated in the extract forwarded with your demi-official. There does not seem to be much local feeling in the matter, the people being apparently satisfied with the present state of things.

MEMORANDUM.

A series of experiments have been made by the Amildar and myself in connection with heavy and light salts.

1. Heavy salt measure (local) is equivalent to 100 seers weight.
2. Heavy salt measure (local) is equivalent to 100 seers weight.
3. Heavy salt is invariably heavier than Bombay salt.

APPENDIX XI—*contd.*

4. A measure of Madras salt weighs as near as possible 4 seers (1 seer = 24 rupees) = 96.

5. A measure of Bombay salt weighs $3\frac{1}{2}$ seers = 84. The price of salt to the consumer is the same, *viz.*, 1 anna 6 pies per local seer. Before the reduction of the salt tax it used to be 1 anna 8 pies. The consumer is therefore defrauded of $\frac{1}{2}$ seer (12 rupees weight) of salt whenever he purchases Bombay or light salt.

6. Wholesale merchants who import direct from Madras or buy from Bombay salt traders, who trade in Bombay salt and bring it here at certain seasons, say they are satisfied if they gain a small profit when selling it to retail merchants.

Bombay salt costs them on an average R6-5 which they retail to small wholesale merchants for R6-8, and Madras salt costs them R5-3 which they retail for R5-6.

Retail merchants admit that they gain more by selling Bombay salt than they do by selling Madras salt.

Strange to say it was generally Madras salt which was exposed for sale in the shops, the Bombay salt being kept behind, and there was only a small quantity of it on hand.

Retail merchants state that the general public prefer Madras salt, which has a whitish appearance—that it is chiefly the country people and country merchants who insist on purchasing Bombay salt, as they consider, by its blackish appearance, that it is stronger.

On consulting a large number of local merchants both wholesale and retail, the verdict is unanimous that the people do not complain of the purchase of salt by measure.

A wholesale merchant, the largest, went so far as to say that he considered it would be less convenient to sell by weight as it would take much longer for the retail merchants to weigh out the salt.

The local public seem to be quite satisfied with the practice of buying salt by measure, and it would be an uphill task to convince the ignorant masses that they are defrauded when they purchase light salt by measure.

C. ROLLAND,

Superintendent of Excise.

C. V. SOONDRAM IYER,

Amildar.

CIVIL AND MILITARY STATION;

BANGALORE:

The 24th December 1903.

No. R. 2493, dated the 22nd February 1904.

From—L. ANANTASAMI RAO, Esq., B.A., Offg. Secretary to the Government of Mysore, General and Revenue Departments,

To—The First Assistant to the Honourable the Resident in Mysore, Bangalore.

With reference to the inquiry as to what the local feeling is towards making the retail sale of salt by weight compulsory at the option of the purchaser, I am directed to forward herewith, for the information of the Honourable the Resident and the Members of the Salt Committee, a note on the subject prepared by the Director of Statistics, and to state that the Durbar agree with the views of that officer that it is desirable to make the sale of salt by weight compulsory instead of optionally by measure also.

2. In some places, a preference is shown for Bombay salt which is larger grained and lighter than Madras salt, and in some the force of habit restricts the demand only to Madras salt. This variation in taste however, it has been ascertained, has not tended to prejudice the consumers to any material extent. In several places both kinds are freely exposed for sale and retailed to purchasers at their option.

3. On the other hand, the fraud practised on the purchaser in selling salt to him by the measure is real and requires to be remedied. In the first place,

APPENDIX XI—*contd.*

there is the difference between what is called a "heaped measure" and a "struck measure" whereby ignorant consumers are cheated in the latter case to the extent of the quantity of salt standing above the rim of the measuring vessel. In the next place there is also dexterity in the way of filling the vessel itself, whereby a quantity measured out by an expert would measure much less than that measured by a layman. In the Mysore City, this difference is said to amount to about 25 per cent, while in other places it ranges from 10 to 12 per cent. There is no doubt that even in selling by weight the vendors can give short weights unless the purchasers are vigilant. But on the whole, it appears that there is less scope here than in the case of sale by the measure.

4. As regards the proposal to enforce weightment only at the option of the purchaser, the Government of His Highness are of opinion that it is desirable to dispense with the qualification. As the Director of Statistics remarks in his note, this may not be inconvenient to dealers in miscellaneous articles who are generally provided with both weights and measures, but it will be inconvenient in the case of small traders who eke out a living by retail trade. It would also mean two schedules of prices for the same commodity.

5. There does not appear to be any sentiment on the part of the people in the matter, and a compulsory change from selling by measure to selling by weight would be beneficial to the consumers.

SALT WEIGHTMENT AT RETAIL SALES.

1. The inquiries contained in Government Proceedings No. 1676-S3, dated 14th December 1903, were addressed to all Deputy Commissioners of Districts, to the Vice-President, Mysore City Municipality, and to Mr. Graham Anderson, C.I.E., coffee planter near Saklespur. Samples of Madras and Bombay salt exposed for sale in the local markets were obtained from local officers at Mysore, Bangalore, Tiptur, Saklespur, Davangere, and Shimoga. The Chemical Examiner and the Agricultural Chemist to the Mysore Government were desired to analyse samples of Madras and Bombay salt and report the result. Replies have been received from all except the Deputy Commissioner of Kolar and the Agricultural Chemist. The subject has received some independent consideration also. The members of the Government of India Salt Committee have been also making inquiries, notably at Shimoga and in the bazaars of Bangalore.

2. The main question relates to the weightment of salt at retail sale. But some attention had to be drawn to the course of prices also, partly as throwing light on the main question, and particularly because the first merchant interviewed on the subject was unaware of the recent reduction of 20 per cent in the Imperial Excise Duty on salt.

3. The following notes are based upon the official Reports above mentioned and also on my own consideration of the subject.

4. Throughout Mysore, sea salt is retailed by measure. This is attributable to long-established practice. There is no superstition, or weighty or dominant sentiment, to support it, or to militate against retail by weight. Indeed it appears that in parts of British India sea salt is retailed by weight even now. At the salt works, it is by weight that it is purchased wholesale. The retail dealers negotiate with the wholesale dealers in the language of weightment though, owing to the exigencies of the retail sale, the contents of a bag are verified by measure. Under these circumstances, if, on a consideration of the subject in all its aspects, it be decided to direct that retail sale shall be by weightment, it may be taken that there will be no difficulty in giving effect to the decision.

5. There is no doubt that, theoretically, under a system of buying by weight and selling by measure, it is more profitable and therefore more tempting to traders to deal with Bombay salt which is larger grained and lighter than Madras salt. But I do not consider it proved that the trade works so largely on this basis as to prejudice the public to a material extent.

6. In the first place, there are wide tracts of country where, owing to the distance from the place of production and therefore in the cost of transit

APPENDIX XI—*contd.*

combined with the difference in price at the place of production, the one kind alone is practicable, and the other is out of the question.

7. In the second place, wherever owing to the facilities of transport both kinds can compete within a moderate difference in price, there is a popular taste which governs the preference and therefore the quantities of each kind sold. For example, in Bangalore and Mysore both Madras and Bombay salts are exposed for sale and sell largely; but the Bombay salt is stated to be sold to a greater extent than Madras salt though one seer per rupee dearer. At Tumkur, Tiptur, Hassan, and Saklespur, both kinds are exposed for sale and very much at the same price; but the Bombay salt is preferred by the masses, though at Hassan and Tumkur the higher classes prefer the Madras or the white variety. At Davangere where Madras salt is valued for medicinal purposes but is considered too expensive for ordinary use, the people prefer Kumti salt, which comes from North Canara, even to Bombay salt. As a proof of the force of habit it is stated that merchants who imported Bombay salt into Davangere and Kumti salt into Bangalore, could not effect a sale, and were obliged to forward the former to Bangalore and the latter to Davangere. The reason why some persons prefer the one and some the other, though many persons are indifferent, has not been satisfactorily explained. The reasons assigned conflict with each other and with the results of chemical analysis of the two classes of salt made by Dr. Sreenivasa Row, the Chemical Examiner to the Mysore Government. The probability is that very few people have fairly and carefully tried both with a view to judge which suits them better. In the case of many, a constitutional idiosyncrasy will probably decide the preference. To those who have a tendency to constipation (owing to the water which they drink or otherwise), the Bombay salt (which is reported by the Chemical Examiner to contain more laxative ingredients) will probably be more agreeable than Madras salt. In the case of many, again, the difference in the saline properties will probably decide the preference, the careful cook preferring the Madras salt which is reported by the Chemical Examiner to be richer in this respect, the careless cook preferring the Bombay salt in respect of which a little more or a little less will not spoil the dish. A prejudice against Madras salt on the ground that it contains more sand and is otherwise unhealthy is reported from various parts of the country (Bangalore, Mysore, Saklespur for example), but there is no proof that this prejudice is justified. *Per contra*, Madras salt is preferred by many and used without harm. There is on the other hand abundant testimony to Bombay salt being long the favourite in most parts of Mysore equally accessible to Madras salt, and even before the advent of the Southern Mahratta Railway. It is stated for example that Bombay salt used to be imported into Mysore City from Mangalore and Tellichery *via* Mercara before it was linked with Poona by the Southern Mahratta Railway. Into the *malnad* districts of Hassan, Kadur, and Shimoga it used to be imported from the west coast in carts returning after discharging the coffee, paddy, and other *malnad* produce exported in them. Even for Bangalore, it is claimed in more than one quarter that Bombay salt used to be imported *via* Beypore and the Madras Railway.

8. That there is even a fastidiousness in the popular taste may be judged from the fact that of the six or seven grades which exist in Bombay salt itself, the 1st and 2nd which are the largest grained and lightest, are more in request than the lower, *i.e.*, the smaller grained and heavier grades in the Mysore City and Bangalore City markets, while the case is the other way in places nearer Bombay. A similar preference is reported from Sagar also. This fastidiousness may be well founded in the greater facility with which sand and stone can be sifted from large grained salt than from small grained salt.

9. The preferences above noticed operate of course only when the price varies within a small extent. But if the difference in price happens to be great, as has recently been the case owing to an abnormal rise in the price of Bombay salt at the place of production, the cheaper article becomes the favourite. At any rate, both kinds are freely exposed for sale, and the purchaser is free to choose. This cannot be the case if merchants are disposed to push the large grained lighter kind to the prejudice of the small grained heavier kind.

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10. There is, on the other hand, a different feature of the trade which prejudices the consumer, and which forms the subject of just complaint from all quarters, *viz.*, the fraud practised on the purchaser by the skill of the measurer in handling the cylindrical vessel with which he measures out the quantity

* Commented upon by the Deputy Commissioner of Kadur District. bargained for. There is first the difference between what is called a 'heaped measure' (in which salt is heaped above the level of the rim as much as it can stand in conical shape) and a 'struck measure' (in which this conical portion is struck off so that the vessel is full flush with its rim). But apart from this, there is dexterity in the way of filling the vessel itself whereby a quantity measured out by an expert would measure much less when measured out by a layman. The Deputy Commissioner of Mysore says that in the Mysore City the difference would sometimes amount to as much as 25 per cent. He says, "This dexterity, or fraud or whatever it may be, is so well known to the public that the mode of measuring has passed into a proverb. But the public though well aware of this fraud have been unable to guard themselves against it." Mr. Graham Anderson testifies to a difference ranging from 10 to 12 per cent, and in my own experiments it went up to 13 per cent in two cases. Mr. Graham Anderson, C.I.E., who has been coffee planter in Manjarabad for thirty years or more and whose words are also worth quoting, says, "There is no article or commodity except slaked lime which can be measured so much to the profit of an unscrupulous vendor and so much to the loss of the vendee as salt. I have been told that men skilled in the nefarious art can make 10 to 12 per cent profit in the measuring operations alone. Even under the most careful observation, 100 seers can be measured and on remeasurement will only turn out 88 to 90 seers." A fraud of this kind by a dishonest expert can indeed be practised even with a pair of scales. But it can be easily prevented by a little vigilance on the part of a purchaser who, however, is practically helpless in the other case.

11. Under the circumstances already explained, a change in the method of retailing salt from measurement to weight, may or may not be the means of putting more chloride of sodium into the consumer's hands for his money. But it will certainly be the means of putting into his hands that quantity of the kind of salt which he deliberately prefers, for which he bargains. On this ground, rather than on any other, I would vote for a change in the method being enjoined by legislation.

12. Whether as favouring the one or the other of these results, or both, the opinions on a measure of legislation to make weight compulsory stand as tabulated below:—

Legislation necessary.			Legislation unnecessary.		
Deputy Commissioner, Mysore.			Deputy Commissioner, Bangalore.		
" " Hassan.			" " Tumkur.		
" " Kadur.			" " Shimoga.		
Mr. Graham Anderson.			" " Chitaldrug.		

Kolar Report not received.

13. As to the proposal to enforce weight *at the option of the purchaser*, the qualification is noticed only by the Deputy Commissioners of Hassan and Kadur. The former has apparently nothing to say on it, but the latter would prefer to dispense with it on the ground that (holding as he does that the consumers are defrauded by the traders pushing large grained light salt in preference to small grained heavy salt), while it is impossible to make the consumers understand that they are losers in buying by measure, the qualification in question would only retard the beneficial effect of the proposed legislation as "it will be long, very long before the villager will open his eyes to the fraud he is subjected to." I would dispense with the qualification for the reasons explained in the first memorandum, dated 1st January last, in the following words: "Weight or measurement at the option of the purchaser would mean that the vendor should provide himself with scales and weights and also measures. This may not be inconvenient to dealers in miscellaneous articles who are generally provided with both. But it must be inconvenient to small traders

APPENDIX XI—*concl'd.*

who eke out a living by retail trade. It would also mean two schedules of prices for the same commodity. Again, under a compulsory regulation of this kind, one-sided in character, the trader will be exposed to false charges, risks of which must hamper trade to some extent. Practically the option of the purchaser would come to mean the convenience of the vendor who has it in his power to say 'Buy as I offer, or go without it.'

14. The Deputy Commissioner, Kolar District, has not yet replied, but it may be presumed that Madras salt is the favourite in the greater part of the district, and especially the Gold Fields, and that while the masses are indifferent to the proposed legislation, the merchants trading in Madras salt would advocate it cordially. The Agricultural Chemist has not sent up the results of his analysis, but it may be presumed that they will agree with those of the Chemical Examiner which show more of sodium chloride, and less of magnesium sulphate and magnesium chloride, in Madras salt than in Bombay salt.

T. ANANDA ROW,
Director of Statistics in Mysore.

BANGALORE;

12th February 1904.

P. S.—Since the above was written, the Kolar Deputy Commissioner's Report has been received. It says that Madras salt is used generally in almost all the Taluks, but in the Taluks of Chikaballapur, Goribidnur and Bagepally, both Madras and Bombay salts are in use. There is no difference in price. People have no opportunity to know that they lose in purchasing by measure instead of by weight. The Deputy Commissioner is of opinion that legislation enforcing sale by weight will benefit the people without inconveniencing the merchants.

T. ANANDA ROW.

18th February 1904.

APPENDIX XII.

Statement of analyses of various samples of Madras and Bombay salts. [Chapter VII, paragraph 18.]

Date of Analysis.	Sample whence taken.	PERCENTAGE OF				REMARKS.
		Moisture.	Insoluble matter.	Sodium chloride.	Other Salts (or unaccounted for).	
MADRAS SALT.						
1886	Kattur	4.787	3.560	86.333	5.320	Salts analysed under the orders of a Departmental Committee to report upon the improvement of the quality of salt in the Madras Presidency. (Date of report—10th May 1887.) The samples were said to be average salt of the previous season's manufacture (1885).
"	Covelong	4.610	1.770	87.589	6.031	
"	Attiput	6.218	1.980	84.818	6.954	
"	Vallur	3.574	1.720	87.433	7.273	
"	Pudilwak	5.033	2.530	85.790	6.647	
"	Voyalur	3.391	3.220	87.001	5.788	
"	Tada	3.376	2.770	86.714	6.840	
"	Morekolam	2.768	0.760	90.420	6.052	
"	Cuddalore	7.072	3.520	80.541	8.867	
"	Manambadi	1.769	1.250	92.702	4.279	
"	Tranquebar	6.512	4.280	80.279	8.849	
"	Kuppili	7.622	2.570	84.317	5.491	
"	Kambilimodu	4.613	3.340	87.521	4.526	
"	Bimlipatam	4.102	3.140	87.692	5.066	
"	Komada	9.482	0.480	85.305	4.733	
"	Nizampatnam	3.417	3.650	89.232	3.701	
"	Negipattam	3.676	3.140	86.632	6.552	
"	Sivendakolam	4.352	1.090	89.562	4.906	
"	Nedavasal	5.748	4.570	84.534	5.148	
"	Tuticorin	5.381	1.170	86.641	6.808	
"	Vattanam	3.454	1.200	90.331	5.415	
"	Methandathanam	3.671	1.150	89.265	5.914	
"	Karnsa	4.141	1.610	87.770	6.479	
"	Mogaltur	5.068	2.320	88.090	4.522	
"	Kistnapatam	8.662	1.660	83.959	5.719	
"	Chinna Ganjam	4.253	4.070	86.963	4.714	
"	Pakala	5.482	1.770	87.706	5.042	
"	Dugurazpatnam	4.037	1.440	90.029	4.494	
"	Kanuparti	4.603	1.380	90.331	3.787	
"	Vedarniem	4.350	1.580	88.714	5.350	
"	Kayapattam	8.894	1.490	81.653	8.553	
"	Iskapalle	3.695	1.670	89.808	4.827	
"	Magilankottai	8.577	2.330	88.470	5.623	
"	Adirampattam	7.141	1.630	86.456	4.873	
"	Calingapatam	3.553	5.570	84.589	6.288	
"	Nanpada	3.197	1.840	90.915	4.048	
"	Pennagadam	4.089	1.450	87.618	6.843	
"	Tambakkannallankottai	2.207	3.220	90.243	4.330	
"	Sorla	4.694	3.080	87.168	5.168	
"	Vedassamanjeri	6.245	2.600	85.132	6.023	
Average		4.937	2.334	87.034	5.605	
Government factories.						
7th May 1900	Ganjam	6.900	Not given	90.378	2.722	Analyses submitted with Madras Government letter No. 775 Rev., dated the 30th August 1901, to the address of the Government of India.
21st April 1900	Balacherruvu	5.000	Do.	92.302	2.698	
1899	Polavarani	10.271	Do.	85.778	3.951	
20th October 1899	Panduraka	3.144	Do.	94.250	2.806	
1899	Adirampattam	9.370	Do.	86.569	4.061	
"	Kattumavudi	8.098	Do.	87.599	4.303	The samples were taken as the basis of comparison between (a) Madras Government salt, (b) Madras excise salt (ordinary), (c) Madras excise salt manufactured in the ordinary method by the Oriental Salt Company, (d) Madras salt manufactured after Bombay methods, and (e) Bombay salt.
"	Lakshminipais	7.759	Do.	88.881	3.360	
Average		7.220	...	89.304	3.386	
Excise factories.						
15th July 1900	Nanpada factory (Oriental Salt Company's salt)	9.060	2.682	85.663	2.595	
17th July 1900	Jagannaikpur factory ditto	4.360	1.616	90.015	4.009	
Ditto	Ditto ditto	6.000	1.750	87.598	4.652	
Average		6.473	2.016	87.759	3.752	
21st December 1899	Kuppili	11.655	Not given	85.453	2.592	
23rd March 1900	Mogalturru	4.040	Do.	93.727	2.233	
1st November 1899	Adirampattam	7.941	Do.	88.418	3.641	
1900	Vattanam	10.200	Do.	87.822	1.978	
1899	Kulasekharapatnam	3.344	Do.	93.015	3.641	
7th April 1900	Karapad	7.040	Do.	89.267	3.698	
Ditto	Morekolam	8.140	Do.	89.113	2.747	
Average		7.523	...	89.545	3.932	

APPENDIX XII—concl.

Statement of analyses of various samples of Madras and Bombay salts—concl.

Date of Analysis.	Sample whence taken.	PERCENTAGE OF				REMARKS.
		Moisture.	Insoluble matter.	Sodium chloride.	Other salts (or unaccounted for).	
I		10.600	0.670	84.503	4.227	Salt (of the Karam- balaam extension) manufactured after the Bombay method in 1900.
II		7.800	0.737	87.028	4.435	
III		6.700	1.772	87.739	3.789	
IV		8.520	1.052	86.264	4.164	
V		6.960	1.953	87.649	3.438	
VI		10.200	1.751	83.431	4.618	
VII		6.600	1.503	87.933	3.984	
	Average	8.197	1.348	86.364	4.091	
	Madras salt manufactured at Karam- balaam after the Bombay system.	8.140	2.250	85.031	4.579	
	Madras salt from Kattunavadi factory.	4.620	1.039	91.972	2.369	
BOMBAY SALT.						
19th June 1900	1	3.040	Not given	92.654	4.306	Submitted with Madras Govern- ment letter No. 775 Rev. dated the 30th August 1901. to the address of the Government of India.
Ditto	2	4.140	Do.	92.595	3.265	
	Bombay Salt selected from Calicut market.	9.800	0.658	84.723	4.819	
1900	Wadia Agar (Matunga)	5.720	0.470	88.279	5.531	Analyses of samples taken by Mr. Merriman (vide his Report on the methods of the manufacture of light salt in Bom- bay, dated the 27th March 1900).
"	Going to Kerepatam Port	3.340	0.685	91.788	4.192	
"	Going to Calicut	5.760	1.741	87.023	5.476	
"	New salt from Wadia Agar (Matunga)	6.140	0.261	88.060	5.549	
"	From Gollah at Mallapuram (Cochin)	5.680	0.707	89.178	4.435	
"	Going to Thanna, most likely for export to Mysore.	4.460	0.906	90.518	4.116	
"	Going to Thanna (2nd sort)	5.160	0.655	90.187	4.018	
"	Ditto (3rd ")	7.240	0.778	88.968	5.014	
"	Mixed salt going to Alleppey	3.180	1.625	91.278	3.917	
"	Going to Alleppey unsifted	3.040	0.901	92.654	3.405	
"	Taken at Uran	1.900	1.294	92.658	4.148	
"	New Kappa salt	4.140	0.095	92.595	3.170	
	Average	4.647	0.541	90.098	4.414	
	Calicut Bazar	10.040	0.773	83.223	5.984	Bombay salts selling on the West Coast during 1900-1901. (Filed by the Presi- dent.)
	Ditto	6.800	0.335	88.029	4.776	
	Badagara Centre	7.400	0.518	86.576	5.506	
	Vythiri Centre Wynad Range	7.500	0.390	86.550	5.970	
	Average Bombay salt from Calicut	9.800	0.065	84.723	5.413	
	Sold at Badagara	8.040	0.625	86.325	5.010	
	Sold in Calicut	9.240	0.569	85.325	4.746	
	Ditto	9.900	0.765	82.227	7.108	
	Sold at Vythiri	8.000	0.782	87.119	4.099	
	Ditto	10.100	1.411	83.645	4.844	



APPENDIX XV.

Statement of the quantities of salt at various inland bonded warehouses in Bengal upon which duty was paid. [Chapter IX, paragraph 7.]

Locality of inland bonded warehouses.	Quantity of salt upon which duty was paid during the year (in maunds).									
	1904-05.	1905-06.	1906-07.	1907-08.	1908-09.	1909-10.	1910-11.	1911-12.	1912-13.	1913-14.
Khulna	Mds. 400	Mds. 19,650	Mds. 35,393	Mds. 61,427	Mds. 40,093	Mds. 24,050	Mds. 40,041	Mds. 2,891	Mds. 27,812	Mds. 21,679
Dahara	400	43,229	32,749	45,370	32,736	27,321	54,784	45,713	1,66,591	21,404
Chandali	"	49,465	55,911	1,19,597	1,10,589	67,795	1,85,101	1,65,943	5,05,877	45,462
Bhairab Bazar	"	19,400	57,515	82,870	1,16,373	4,30,371	5,16,135	6,08,486	4,48,884	21,679
Narayanganj	"	"	70,045	1,32,378	2,67,042	1,94,916	2,50,009	4,29,753	4,48,884	21,679
Jhalakati	"	"	"	1,15,207	1,93,929	1,94,916	2,50,009	4,29,753	4,48,884	21,679
Bhagapur	"	"	"	600	20,236	1,94,916	2,50,009	4,29,753	4,48,884	21,679
Parulia	"	"	"	"	18,542	1,94,916	2,50,009	4,29,753	4,48,884	21,679
Ashuganj	"	"	"	"	"	1,94,916	2,50,009	4,29,753	4,48,884	21,679
Madaripur	"	"	"	"	"	1,94,916	2,50,009	4,29,753	4,48,884	21,679
Dacca	"	"	"	"	"	1,94,916	2,50,009	4,29,753	4,48,884	21,679
TOTAL	800	1,31,744	3,14,343	6,17,439	8,10,990	8,90,931	10,46,650	12,55,792	12,40,308	12,40,308

Note.—Figures taken from the Administration Reports of the Bengal Salt Department.

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